

HYDE COUNTY



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2016

HYDE COUNTY, NORTH CAROLINA
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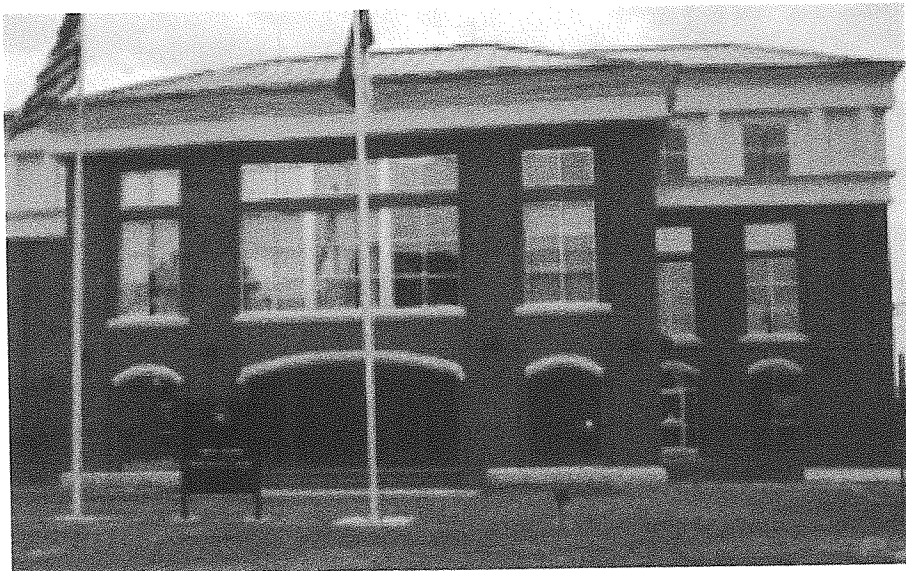
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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Hyde County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hyde County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Hyde County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hyde County ABC Board, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hyde County ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Hyde County ABC Board were not audited in accordance with Governmental Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information Hyde County, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Fund Schedule of County Contributions, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Hyde County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2017 on our consideration of Hyde County internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hyde County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

January 26, 2017

**Hyde County, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

As management of Hyde County, we offer readers of Hyde County's financial statements this narrative overview and analysis of the financial activities of Hyde County for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

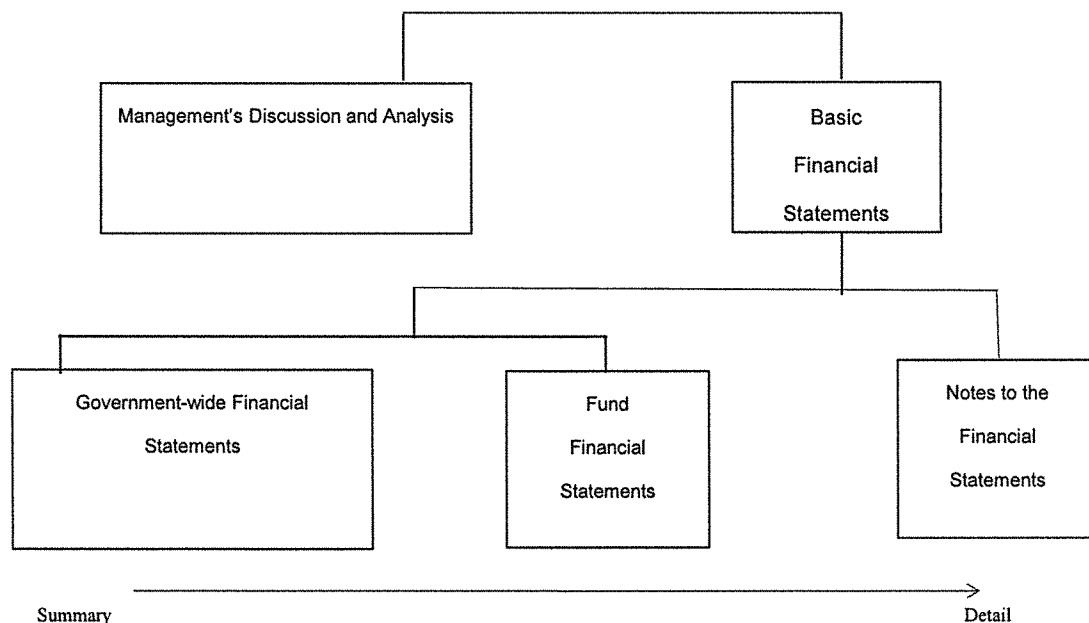
Financial Highlights

- The assets and deferred outflows of resources of Hyde County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,616,776. (Net Position)
- The government's total net position decreased by \$252,254, due to decreases in net position in both the governmental and the business-type activities.
- As of the close of the current fiscal year, Hyde County's governmental funds reported combined ending fund balances of \$9,070,589, a decrease of \$69,620 in comparison with the prior year. Approximately 40.16 percent of this total amount, or \$3,642,828, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,697,663, or 30.09 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Hyde County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Hyde County.

**Required Components of Annual Financial Report
Figure 1**



**Hyde County, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statement.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Hyde County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hyde County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Hyde County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Hyde County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Hyde County has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Hyde County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Hyde County has eight fiduciary funds, all of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9.

Hyde County, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Hyde County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38,616,776 as of June 30, 2016. The County's net position decreased by \$252,254 for the fiscal year ended June 30, 2016. One of the largest portions, 84.80%, reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Hyde County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hyde County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Hyde County's net position, \$2,569,037 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,301,618 is unrestricted.

Government-wide Financial Analysis
Hyde County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 11,682,793	\$ 12,002,576	\$ 1,478,431	\$ 1,409,847	\$ 13,161,224	\$ 13,412,423
Capital assets	24,273,801	24,913,471	11,354,732	11,761,068	35,628,533	36,674,539
Total assets	35,956,594	36,916,047	12,833,163	13,170,915	48,789,757	50,086,962
Total deferred outflows of resources	349,946	323,912	42,446	39,270	392,392	363,182
Long-term liabilities outstanding	6,375,247	6,343,450	2,974,375	3,062,515	9,349,622	9,405,965
Other liabilities	615,641	640,982	216,498	191,311	832,139	832,293
Total liabilities	6,990,888	6,984,432	3,190,873	3,253,826	10,181,761	10,238,258
Total deferred inflows of resources	364,669	1,168,352	18,943	110,915	383,612	1,279,267
Net position:						
Net investment in capital assets	24,273,801	24,913,471	8,472,320	8,750,593	32,746,121	33,664,064
Restricted	2,532,370	2,268,987	36,667	29,117	2,569,037	2,298,104
Unrestricted	2,144,812	1,904,717	1,156,806	1,065,734	3,301,618	2,970,451
Total net position	\$ 28,950,983	\$ 29,087,175	\$ 9,665,793	\$ 9,845,444	\$ 38,616,776	\$ 38,932,619

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- The County's property taxes collection percentage of 95.86% is lower than the State-wide average of 97.47%, but is higher than the prior year rate of 94.83%.

Hyde County, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Hyde County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,135,846	\$ 868,161	\$ 1,563,178	\$ 1,374,291	\$ 2,699,024	\$ 2,242,452
Operating grants and contributions	11,443	2,885,126	-	-	11,443	2,885,126
Capital grants and contributions	2,314,355	153,492	-	-	2,314,355	153,492
General revenues:						
Property taxes	7,501,324	7,324,583	-	-	7,501,324	7,324,583
Other taxes	2,101,314	2,333,848	-	-	2,101,314	2,333,848
Investment Earnings	91,498	239,569	3,176	3,448	94,674	243,017
Other	256,636	167,501	-	-	256,636	167,501
Total revenues	13,412,416	13,972,280	1,566,354	1,377,739	14,978,770	15,350,019
Expenses:						
General government	2,975,924	2,715,865	-	-	2,975,924	2,715,865
Public safety	3,662,795	3,739,671	-	-	3,662,795	3,739,671
Transportation	110,801	114,844	-	-	110,801	114,844
Economic and physical development	1,270,063	1,873,602	-	-	1,270,063	1,873,602
Human services	2,763,160	2,729,169	-	-	2,763,160	2,729,169
Cultural and recreation	109,558	143,708	-	-	109,558	143,708
Environmental Protection	856,683	924,116	-	-	856,683	924,116
Education	1,531,324	1,638,653	-	-	1,531,324	1,638,653
Interest on long-term debt	275,700	236,712	-	-	275,700	236,712
Water and sewer	-	-	1,675,016	1,915,542	1,675,016	1,915,542
Transfers	(7,400)	(7,400)	7,400	7,400	-	-
Total expenses	13,548,608	14,108,940	1,682,416	1,922,942	15,231,024	16,031,882
Increase (decrease) in net position	(136,192)	(136,660)	(116,062)	(545,203)	(252,254)	(681,863)
Net position, beginning	29,087,175	29,477,277	9,845,444	10,450,354	38,932,619	39,927,631
Net position, beginning, restated	29,087,175	29,223,835	9,781,855	10,390,647	38,869,030	39,614,482
Net position, ending	\$ 28,950,983	\$ 29,087,175	\$ 9,665,793	\$ 9,845,444	\$ 38,616,776	\$ 38,932,619

Governmental activities. Governmental activities decreased the County's net position by \$136,192. Key elements of this decrease are decreases in operating grant contributions and investment earnings.

Business-type activities. Business-type activities decreased the County's net position by \$116,062. A key element of this was expenditures exceeding water revenues.

Financial Analysis of the County's Funds

As noted earlier, Hyde County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Hyde County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Hyde County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Hyde County. At the end of the current fiscal year, Hyde County's fund balance available in the General Fund was \$3,697,663 while total fund balance reached \$6,420,667. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 30.09 percent of total General Fund expenditures, while total fund balance represents 52.25 percent of that same amount.

At June 30, 2016, the governmental funds of Hyde County reported a combined fund balance of \$9,070,589, a 0.76 percent decrease under last year. The primary reason for this decrease was expenses exceeding revenues in the governmental activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund were made to increase revenues because the County did not expect to receive certain funds that later became available. Expenditures were held in check to comply with the County's budgetary requirements.

Hyde County, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Proprietary Funds. Hyde County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Water and Sewer Fund at the end of the fiscal year amounted to \$1,156,806. The total change in net position for the Water and Sewer Fund was (\$116,062).

Capital Asset and Debt Administration

Capital assets. Hyde County's capital assets for its governmental and business – type activities as of June 30, 2016, totals \$35,628,533 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- * Purchase of Vehicles and Equipment.

Hyde County's Capital Assets
(net of depreciation)
Figure 4

Additional information on the County's capital assets can be found in Note III.A. of the Basic Financial Statements.

Long-Term Debt

Hyde County's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ -	\$ -	\$ 1,529,412	\$ 1,639,475	1,529,412	1,639,475
Revenue Bonds	-	-	1,353,000	1,371,000	1,353,000	1,371,000
Installment Purchase	3,226,448	3,367,145	-	-	3,226,448	3,367,145
Compensated Absences	331,105	305,380	55,515	52,040	386,620	357,420
Net Pension Obligation	134,879	126,194	-	-	134,879	126,194
Net Pension Liability	296,782	-	36,448	-	333,230	-
Other Postemployment Benefits	384,238	342,757	-	-	384,238	342,757
Qualified School Construction Bonds	2,001,795	2,201,974	-	-	2,001,795	2,201,974
	<u>\$ 6,375,247</u>	<u>\$ 6,343,450</u>	<u>\$ 2,974,375</u>	<u>\$ 3,062,515</u>	<u>\$ 9,349,622</u>	<u>\$ 9,405,965</u>

Hyde County's total debt decreased by \$56,343 (0.6 percent) during the past fiscal year, primarily due to the scheduled principal repayments on existing general obligation bonds of \$140,697 and \$110,063, in the governmental activities and business-type activities, respectively. Additionally, there were repayments on qualified school construction bonds in the amount of \$200,179. Various other repayments were made to revenue bond debt and compensated absences.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Hyde County is \$88,670,815.

Additional information regarding Hyde County's long-term debt can be found in notes to the financial statements under Section B.

**Hyde County, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County:

Tourism is a major economic contributor to Hyde County especially on Ocracoke Island, which was named America's #1 beach in 2007.

Ecotourism, including hunting, fishing, and other more massive wildlife activities, are major economic factors for Hyde County.

Agriculture, governmental, hospitality (tourism), and seafood are the largest employers in Hyde County.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Corrinne Gibbs, Finance Officer, Hyde County, Swan Quarter, North Carolina 27885.

BASIC
FINANCIAL STATEMENTS

Hyde County, North Carolina
Statement of Net Position
June 30, 2016

	Primary Government			Component	Total
	Governmental	Business-type	Total	Unit Hyde County ABC Board	
	Activities	Activities			Reporting
ASSETS					
Cash and cash equivalents	\$ 8,793,794	\$ 795,312	\$ 9,589,106	\$ 141,182	\$ 9,730,288
Receivables, net	1,946,723	261,539	2,208,262	-	2,208,262
Due from other governments	340,970	-	340,970	-	340,970
Due from other funds	-	-	-	-	-
Internal balances	-	-	-	-	-
Inventories	-	-	-	75,974	75,974
Prepaid items	-	-	-	1,636	1,636
Restricted cash and cash equivalents	590,542	421,580	1,012,122	-	1,012,122
Net pension asset	10,764	-	10,764	697	11,461
Capital assets:					
Land, improvements, and					
construction in progress	2,455,123	540,037	2,995,160	-	2,995,160
Other capital assets, net of depreciation	21,818,678	10,814,695	32,633,373	5,993	32,639,366
Total capital assets	24,273,801	11,354,732	35,628,533	5,993	35,634,526
Total assets	35,956,594	12,833,163	48,789,757	225,482	49,015,239
DEFERRED OUTFLOWS OF RESOURCES	349,946	42,446	392,392	3,269	395,661
LIABILITIES					
Accounts payable and accrued expenses	532,899	38,807	571,706	118,797	690,503
Miscellaneous liabilities	-	-	-	-	-
Customer deposits	-	148,008	148,008	-	148,008
Accrued interest payable	82,742	29,683	112,425	-	112,425
Long-term liabilities:					
Compensated absences	331,105	55,515	386,620	-	386,620
Net pension liability	296,782	36,448	333,230	2,513	335,743
Due within one year	344,423	131,380	475,803	1,587	477,390
Due in more than one year	5,402,937	2,751,032	8,153,969	-	8,153,969
Total long-term liabilities	6,375,247	2,974,375	9,349,622	4,100	9,353,722
Total liabilities	6,990,888	3,190,873	10,181,761	122,897	10,304,658
DEFERRED INFLOWS OF RESOURCES					
Other Deferred Inflows	209,198	-	209,198	-	209,198
Pension deferrals	155,471	18,943	174,414	-	174,414
Total Deferred Inflows of Resources	364,669	18,943	383,612	-	383,612
NET POSITION					
Net investment in capital assets	24,273,801	8,472,320	32,746,121	4,406	32,750,527
Restricted for:					
Stabilization by State Statute	1,550,316	-	1,550,316	-	1,550,316
Register of Deeds	135,851	-	135,851	-	135,851
Judicial center construction	181,504	-	181,504	-	181,504
Public safety	41,207	-	41,207	-	41,207
Fire protection	583,406	-	583,406	-	583,406
Drug control	(35,194)	-	(35,194)	-	(35,194)
Other purposes	-	29,117	29,117	95,845	124,962
Unrestricted (deficit)	2,220,092	1,164,356	3,384,448	5,603	3,390,051
Total net position	\$ 28,950,983	\$ 9,665,793	\$ 38,616,776	\$ 105,854	\$ 38,722,630

Hyde County
Statement of Activities
June 30, 2016

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position					
			Primary Government					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Hyde County ABC Board Reporting Unit
Primary government:								
Governmental Activities:								
General government	\$ 2,975,924	\$ 52,643	\$ 1,005,645	\$ (1,917,636)	\$ -	\$ -	\$ (1,917,636)	\$ -
Public safety	3,662,795	398,562	28,836	(3,235,397)	-	-	(3,235,397)	-
Transportation	110,801	30,789	4,460	(75,552)	-	-	(75,552)	-
Environmental Protection	856,683	6,405	-	(850,278)	-	-	(850,278)	-
Economic and physical development	1,270,063	-	153,280	(1,116,783)	-	-	(1,116,783)	-
Human services	2,763,160	499,284	11,443	(1,168,028)	-	-	(1,168,028)	-
Cultural and recreation	109,558	148,163	11,809	50,414	-	-	50,414	-
Education	1,531,324	-	25,920	(1,505,404)	-	-	(1,505,404)	-
Interest/Fees on long-term debt	275,700	-	-	(275,700)	-	-	(275,700)	-
Total governmental activities	13,556,008	1,135,846	11,443	2,314,355	(10,094,364)	-	(10,094,364)	-
Business-type activities:								
Water and Sewer	1,675,016	1,563,178	-	-	(111,838)	(111,838)	(111,838)	-
Total business-type activities	1,675,016	1,563,178	-	-	(111,838)	(111,838)	(111,838)	-
	\$ 15,231,024	\$ 2,699,024	\$ 11,443	\$ 2,314,355	\$ (10,094,364)	\$ (111,838)	\$ (10,206,202)	\$ (10,206,202)
Component Units:								
Hyde County ABC Board	\$ 756,509	\$ 814,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,119
Total Component Units	\$ 756,509	\$ 814,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,119
General revenues:								
Taxes:								
Property taxes, levied for general purpose					7,501,324	-	7,501,324	-
Local option sales tax					1,425,081	-	1,425,081	-
Other taxes and licenses					676,233	-	676,233	-
Investment earnings, unrestricted					91,498	3,176	94,674	17
Miscellaneous, unrestricted					256,636	-	256,636	432
Transfers					7,400	(7,400)	-	-
Total general revenues					9,958,172	(4,224)	9,953,948	449
Change in net position					(136,192)	(116,062)	(252,254)	58,568
Net position, beginning, previously reported					29,087,175	9,845,444	38,932,619	47,286
Prior period adjustment					-	(63,589)	(63,589)	-
Restatement due to new GASB 68 Pensions					-	-	-	-
Net position, beginning, restated					29,087,175	9,781,855	38,869,030	47,286
Net position, ending					\$ 28,950,983	\$ 9,665,793	\$ 38,616,776	\$ 105,854
								\$ 38,722,630

The notes to the financial statements are an integral part of this statement.

**Hyde County
Balance Sheet
Governmental Funds
June 30, 2016**

	<u>Major General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,763,319	\$ 2,030,475	\$ 8,793,794
Restricted Cash	590,542	-	590,542
Receivables, net:			
Property Taxes	716,773	543	717,316
Accounts	186,924	84,558	271,482
Other	108,477	796,199	904,676
Due from other governments	340,970	-	340,970
Due from other funds	71,573	113,870	185,443
Total assets	<u>\$ 8,778,578</u>	<u>\$ 3,025,645</u>	<u>\$ 11,804,223</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 431,411	\$ 101,488	\$ 532,899
Due to other funds	-	185,443	185,443
Total liabilities	<u>431,411</u>	<u>286,931</u>	<u>718,342</u>
DEFERRED INFLOW OF RESOURCES			
Property taxes receivable	717,316	-	717,316
Other deferred income	1,209,184	88,792	1,297,976
Total Deferred Inflows of Resources	<u>1,926,500</u>	<u>88,792</u>	<u>2,015,292</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	707,944	842,372	1,550,316
Debt Service	211,131	-	211,131
Other Purposes	-	181,504	181,504
Register of Deeds	41,207	-	41,207
Economic and physical development	-	583,406	583,406
Public Safety	-	-	-
Transportation	-	(35,194)	(35,194)
Committed:			
Public Safety	-	170,349	170,349
Human Services	-	419,404	419,404
Environmental Protection	338,925	-	338,925
Economic and physical development	-	252,467	252,467
Tax Revaluation	251,619	-	251,619
Cultural and Recreation	-	14,244	14,244
Assigned:			
Subsequent year's expenditures	1,172,178	276,205	1,448,383
Unassigned	<u>3,697,663</u>	<u>(54,835)</u>	<u>3,642,828</u>
Total fund balances	<u>6,420,667</u>	<u>2,649,922</u>	<u>9,070,589</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,778,578</u>	<u>\$ 3,025,645</u>	<u>\$ 11,804,223</u>

**Hyde County
Balance Sheet
Governmental Funds
June 30, 2016**

Amounts reported for governmental activities in the statement of net position
(Exhibit 1) are different because:

Total Fund Balance - Governmental Funds		\$ 9,070,589
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,449,532	
Less accumulated depreciation	<u>(9,175,731)</u>	
Net capital assets		24,273,801
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.		53,249
Net pension asset (liability)		
LGERS		(296,782)
Register of Deeds		10,764
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
LGERS		284,187
Deferred outflows related to pensions		
LGERS		61,440
Register of Deeds		4,319
Deferred inflows of resources for taxes and special assessments receivable		1,806,094
Pension related deferrals		
LGERS		(154,254)
Register of Deeds		(1,217)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, and installment financing payable	(5,228,243)	
Compensated absences	(331,105)	
Unfunded pension obligation	(134,879)	
Other post-employment benefits obligation	(384,238)	
Accrued interest payable	<u>(82,742)</u>	<u>(6,161,207)</u>
Net position of governmental activities		<u><u>\$ 28,950,983</u></u>

Hyde County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	<u>Major</u>	<u>Non-Major</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 7,459,651	\$ 56,126	\$ 7,515,777
Local option sales taxes	1,425,081	-	1,425,081
Other taxes and licenses	129,277	416,345	545,622
Unrestricted intergovernmental	144,165	-	144,165
Restricted intergovernmental	2,096,431	224,305	2,320,736
Permits and fees	81,180	-	81,180
Sales and services	398,509	444,187	842,696
Investment earnings	13,290	78,208	91,498
Miscellaneous	138,775	113,358	252,133
Total revenues	<u>11,886,359</u>	<u>1,332,529</u>	<u>13,218,888</u>
EXPENDITURES			
Current:			
General government	2,453,165	348,801	2,801,966
Public safety	3,397,447	83,026	3,480,473
Transportation	59,107	-	59,107
Environmental protection	884,317	4,604	888,921
Economic and physical development	503,748	402,858	906,606
Human services	2,677,289	121,717	2,799,006
Cultural and recreational	43,000	66,558	109,558
Education	1,470,336	-	1,470,336
Debt Service	619,887	-	619,887
Capital outlay	-	160,048	160,048
Total expenditures	<u>12,108,296</u>	<u>1,187,612</u>	<u>13,295,908</u>
Excess (deficiency) of revenues over expenditures	<u>(221,937)</u>	<u>144,917</u>	<u>(77,020)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	111,829	130,110	241,939
Transfers to other funds	(180,110)	(54,429)	(234,539)
Special Appropriation - Ocracoke Occupancy	-	-	-
Appropriated fund balance	-	-	-
Total other financing sources (uses)	<u>(68,281)</u>	<u>75,681</u>	<u>7,400</u>
Net change in fund balance	<u>(290,218)</u>	<u>220,598</u>	<u>(69,620)</u>
Fund balances, beginning as previously reported	6,710,885	2,429,324	9,140,209
Prior period adjustment	-	-	-
Fund balances, beginning as restated	<u>6,710,885</u>	<u>2,429,324</u>	<u>9,140,209</u>
Fund balances, ending	<u>\$ 6,420,667</u>	<u>\$ 2,649,922</u>	<u>\$ 9,070,589</u>

Hyde County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2016

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$ (69,620)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(639,670)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	340,876
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	287,608
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences	(25,725)
Other post-employment benefits	(41,481)
Unfunded pension	(8,685)
County's portion of collective pension expense	(176,334)
Accrued interest on debt	3,311
Revenues reported in the statement of activities that do not provide current financial resources are not recorded as revenues in the fund statements.	
Increase (decrease) in deferred inflows of resources - taxes receivable - at end of year	(64,585)
Increase (decrease) in deferred inflows of resources - accrued interest on taxes receivable	50,132
Increase (decrease) in other deferred inflows of resources - at end of year	207,981
Total changes in net position of governmental activities	<u>\$ (136,192)</u>

Hyde County
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 6,922,614	\$ 6,917,614	\$ 7,459,654	\$ 542,040
Local option sales tax	1,576,400	1,648,400	1,425,081	(223,319)
Other taxes and licenses	94,100	106,100	129,277	23,177
Unrestricted intergovernmental	227,000	227,000	144,165	(82,835)
Restricted intergovernmental	2,532,278	3,939,876	2,096,431	(1,843,445)
Permits and fees	140,885	61,685	81,180	19,495
Sales and services	443,400	494,960	398,509	(96,451)
Investment earnings	10,000	10,000	11,918	1,918
Miscellaneous	68,860	155,200	138,775	(16,425)
Total revenues	<u>12,015,537</u>	<u>13,560,835</u>	<u>11,884,990</u>	<u>(1,675,845)</u>
Expenditures:				
Current:				
General government	2,360,576	2,248,947	2,322,759	(73,812)
Public safety	3,433,113	4,710,405	3,397,447	1,312,958
Transportation	81,600	81,600	59,107	22,493
Environmental Protection	-	952,855	884,317	68,538
Economic and physical development	1,370,031	560,075	503,748	56,327
Human services	3,319,881	3,484,618	2,677,289	807,329
Cultural and recreational	43,000	43,000	43,000	-
Education	1,700,006	1,470,336	1,470,336	-
Debt Service	276,623	620,543	619,887	656
Total expenditures	<u>12,584,830</u>	<u>14,172,379</u>	<u>11,977,890</u>	<u>2,194,489</u>
Revenues over (under) expenditures	<u>(569,293)</u>	<u>(611,544)</u>	<u>(92,900)</u>	<u>518,644</u>
Other financing sources (uses):				
Transfers from other funds	661,516	25,593	61,829	36,236
Transfers to other funds	(92,223)	(142,223)	(180,110)	(37,887)
Proceeds from QZAB	-	-	-	-
Special Appropriation - Ocracoke Occupancy	-	-	-	-
Sale of capital assets	-	-	-	-
Fund Balance Appropriated	-	678,174	-	(678,174)
Total other financing sources (uses)	<u>569,293</u>	<u>561,544</u>	<u>(118,281)</u>	<u>(1,651)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>(211,181)</u>	<u>\$ 516,993</u>
Fund balance, beginning of year			6,041,304	
Prior period adjustment			-	
Fund balance, restated			<u>6,041,304</u>	
Fund balance, end of year			<u>\$ 5,830,123</u>	
Reconciliation to Fund Balance				
A legally budgeted Capital Reserve Fund and Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings - Capital Reserve Fund			655	
Investment Earnings - Revaluation Fund			717	
Transfer from general fund			50,000	
Contract Services - Revaluation Fund			(130,406)	
Beginning Balance - Capital Reserve Fund			338,270	
Beginning Balance - Revaluation Fund			<u>331,308</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 6,420,667</u>	

Hyde County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 784,054
Accounts receivable, net	109,356
Grant receivable	152,183
Restricted cash and cash equivalents	432,838
Total current assets	<u>1,478,431</u>
Noncurrent assets:	
Net pension asset	-
Capital assets:	
Land and Construction in Progress	540,037
Other capital assets, net of depreciation	10,814,695
Total capital assets	<u>11,354,732</u>
Total noncurrent assets	<u>11,354,732</u>
Total assets	<u>\$ 12,833,163</u>
DEFERRED OUTFLOWS OF RESOURCES	\$ 42,446
LIABILITIES	
Current liabilities:	
Accounts Payable	\$ 38,807
Accrued interest payable	29,683
General obligation bonds payable	131,380
Total current liabilities	<u>199,870</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer Deposits	148,008
Compensated absences	55,515
Net pension liability	36,448
General obligation bonds payable	2,751,032
Total noncurrent liabilities	<u>2,991,003</u>
Total liabilities	<u>\$ 3,190,873</u>
DEFERRED INFLOWS OF RESOURCES	\$ 18,943
NET POSITION	
Net investment in capital assets	\$ 8,472,320
Restricted:	
Debt Service	36,667
Unrestricted	1,156,806
Total net position	<u>\$ 9,665,793</u>

The notes to the financial statements are an integral part of this statement.

Hyde County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,544,418
Meter Installations	-
Other operating revenues	18,760
Total operating revenues	<u>1,563,178</u>
OPERATING EXPENSES	
Water and Sewer Operations	1,166,526
Depreciation	406,336
Total operating expenses	<u>1,572,862</u>
Operating income (loss)	<u>(9,684)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	3,176
Transfers in (out)	(7,400)
Interest Expense	(102,154)
Total nonoperating revenues (expenses)	<u>(106,378)</u>
Change in net position	<u>(116,062)</u>
Total net position, beginning	9,845,444
Restatement	(63,589)
Total net position, restated	<u>9,781,855</u>
Total net position, ending	<u>\$ 9,665,793</u>

Hyde County
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,642,567
Cash paid for goods and services	(556,922)
Cash paid to employees for services	(604,250)
Customer deposits received, net	10,116
Other operating revenue	18,760
Net cash provided by operating activities	<u>510,271</u>
Cash flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	-
Principal paid on bond maturities and equipment contracts	(128,063)
Interest paid on bond maturities and equipment contracts	(102,154)
Transfers in (out)	(7,400)
Net cash used by capital and related financing activities	<u>(237,617)</u>
Cash flows from Investing Activities:	
Interest on investments	<u>3,176</u>
Net increase (decrease) in cash and cash equivalents	275,830
Cash and cash equivalents, beginning	941,062
Cash and cash equivalents, ending	<u>\$ 1,216,892</u>
Reconciliation of operating income to net cash provided by Operating Activities	
Operating income (loss)	<u>\$ (9,684)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	406,336
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	98,149
Net pension asset	45,508
Deferred outflows of resources for pensions	(3,176)
Increase (decrease) in:	
Accounts payable and accrued liabilities	15,071
Customer deposits	10,116
Net pension liability	36,448
Deferred inflows of resources for pensions	(91,972)
Compensated absences	3,475
Total adjustments	<u>519,955</u>
Net cash provided by (used in) operating activities	<u>\$ 510,271</u>

Hyde County
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Total Agency Funds
Assets	
Cash and cash equivalents	\$ 11,771
Taxes Receivable	1,236
Total assets	<u>13,007</u>
Liabilities and Net Position	
Liabilities:	
Miscellaneous Liabilities and Accounts Payable	13,263
Deferred Revenues	1,236
Total liabilities	<u>14,499</u>
Net position:	
Assets held in trust	\$ <u><u>(1,492)</u></u>

Hyde County
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

I. Summary Of Significant Accounting Policies

The accounting policies of Hyde County, North Carolina (the County) and its component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The Hyde County ABC Board (the *Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation).

Component Unit: Hyde County ABC Board

Reporting Method: Discrete

Criteria for inclusion: The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.

Separate Financial Statements: County of Hyde ABC Board, 20121 US Hwy 264, Swan Quarter, NC 27855.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Additionally, the County has legally adopted a Capital Reserve Fund. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplementary information. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund as well.

The County reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the operations of the water and sewer system within the County.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Ocracoke Special Mosquito Control Fund, which accounts for tax revenue assessed for mosquito control on Ocracoke Island; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Hyde County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Engelhard Municipal Sewer District, which accounts for the collection of sewer payments on behalf of Engelhard Municipal Sewer District.

Nonmajor Funds. The County maintains twenty -five legally budgeted funds. The Ocracoke Occupancy Tax, Hurricane Irene Fund, Hydeland Home Health Fund, West Quarter Fund, Mainland Occupancy Tax Fund, 4-H Fund, E-911 Fund, Hyde County Senior Center Fund, Revolving Loan Fund, CAPS/Personal Care Chore Health Fund, CDBG Program Repayment Fund, Swan Quarter Water Shed District Fund, PDM Program, and Homemaker Fund are reported as nonmajor special revenue funds. The Airport Grant Fund is reported as a capital project fund. The Capital Reserve Fund and Revaluation Fund is consolidated in the General Fund in accordance with GASB Statement No. 54.

C. Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, the Revaluation Fund, West Quarter District Fund, Mainland Occupancy Tax Fund, Ocracoke Occupancy Tax Fund, 4-H Fund, E-911 Fund, Hyde County Senior Center Fund, Revolving Loan Fund, Capital Reserve Fund, Hydeland Home Health Fund, CAPS/Personal Care Chore Health Fund, Swan Quarter Water Shed District Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the following Capital Project Funds: Airport Grant Fund and the following Enterprise Capital Project Funds, Mattamuskeet Lodge Sewer Project Fund, which are consolidated with the enterprise operating funds for reporting purposes. Project ordinances are adopted for the following Special Revenue Funds: CDBG Program Repayment Fund, PDM Program Fund, and the Hurricane Irene Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County and Hyde County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Hyde County ABC Board consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the Qualified School Construction Bonds are classified as restricted assets within the Qualified School Construction Bond Fund because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. In addition, the County has a Capital Reserve Fund that is consolidated with the General Fund and that cash balance is shown as restricted as well.

Governmental Activities			
General Fund	Tax Revaluation	\$	251,619
General Fund	Capital Reserve		338,923
Total Governmental Activities		\$	590,542
Business-Type Activities			
Water and Sewer Fund	Customer Deposits	\$	148,008
Water and Sewer Fund	Restricted per USDA		36,667
Water and Sewer Fund	Unexpended project cash		248,163
Total Business-Type Activities		\$	432,838

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first in, first out), which approximates market. The cost of inventory carried in the ABC Board is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Minimum capitalization costs are \$5,000.

The County holds title to certain Hyde County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Hyde County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	50
Improvements	10-20
Furniture and Equipment	10
Vehicles and Motorized Equipment	3-5
Computer Equipment	3

Capital assets of the ABC Board are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Vehicle	5
Equipment	3-10

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion - pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as revenue until then. The County has one item that meets this criterion - other pension related deferrals.

9. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The vacation policies of the ABC Board provide for the accumulation of up to twenty days earned vacation leave with such leave being fully vested when earned. For the ABC Board only, accumulated earned vacation leave terminates at June 30 of each year. For the County's government-wide and proprietary funds, an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

a. Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

b. Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Register of Deeds - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Other Purposes - portion of fund balance, restricted by external sources for other purposes.

Restricted for Debt Service - portion of fund balance that is restricted for future debt service expenditures by the United States Department of Agriculture

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for public safety expenditures.

Restricted for Cultural and Recreation - portion of fund balance restricted for cultural and recreation expenditures.

Restricted for Economic and Physical Development - portion of fund balance restricted for economic and physical development.

Restricted for Education - portion of fund balance restricted for school construction expenditures (QSCB).

Committed Fund Balance - portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Hyde County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by governing body.

Assigned Fund Balance - portion of fund balance that the Hyde County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorized the manager to modify the appropriations by resource or appropriation within funds up to \$10,000.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Hyde County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy; bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balances first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

12 Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' retirement System (LERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

F. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between fund balances - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$19,880,394 consists of several elements as follows:

Capital Assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 33,449,532
Less accumulated depreciation	(9,175,731)
Net Capital Assets	<u>24,273,801</u>
Accrued interest receivable	53,249
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,806,094
Deferred outflows related to pensions	65,759
Net pension asset	(286,018)
Contributions to the pension plan in the current fiscal year	284,187

Reconciliation of Government-wide and Fund Financial Statements (continued)

Pension related deferrals	(155,471)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(5,228,243)
Unfunded pension obligation	(134,879)
Accrued interest payable	(82,742)
Compensated Absences	(331,105)
Other Postemployment Benefits	<u>(384,238)</u>
Total Adjustment	<u>\$ 19,880,394</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$66,572) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 304,843
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(944,513)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	340,876
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	287,608
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated Absences	(25,725)
Other Postemployment Benefits	(41,481)
Increase in Net Pension Obligation	(8,685)
County's portion of collective pension expense	(176,334)
Accrued interest expense	3,311
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase (Decrease) in deferred inflows of resources - taxes receivable - at end of year	(64,585)
Increase (Decrease) in deferred inflows of resources - other receivables - at end of year	50,132
Increase (Decrease) in deferred inflows of resources - at year end	<u>207,981</u>
Total Adjustment	<u>\$ (66,572)</u>

II. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2016, expenditures made in the County's Ocracoke Occupancy Tax Fund exceeded the authorized appropriations by \$27,176 at the functional level. In the County's Hurricane Irene Fund, expenditures exceeded appropriations at the functional level by \$9,704. In the County's Airport Grant Fund, expenditures exceeded appropriations at the functional level by \$8,054. Management and the Board will more closely review the budget reports to ensure compliance in future years.

B. Deficit Fund Balance or Net Assets of Individual Funds

For the fiscal year ended June 30, 2016, the County's CAPS/Personal Care Chore fund has a deficit fund balance of \$35,672. The County's PDM Program Fund has a deficit fund balance of \$54,835. The County's Homemaker Fund has a deficit balance of \$4,796. Management and the Board will more closely review fund balances to ensure compliance in future years.

C. Budget Violation

In accordance with section 159-8(a), each local government shall operate under an annual balanced budget ordinance. Estimated revenues and appropriations were not budgeted for one nonmajor funds, the Revolving Loan Fund. Management and the Board will more closely review fund budgets to ensure compliance in future years.

III. Detail Notes On All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in their entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for the under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

1. Deposits (continued)

At June 30, 2016 the County's deposits had a carrying amount of \$10,486,667 and a bank balance of \$10,354,503. Of the carrying amount \$314 was cash on hand. Of the bank balance, \$250,000 was covered by FDIC; the remaining \$10,104,503 was covered by collateral and held under the Pooling Method.

At June 30, 2016, the carrying amount of deposits for Hyde County ABC Board was \$141,182 and the bank balance was \$139,488. All of the bank balance was covered by federal depository insurance.

At June 30, 2016, Hyde County ABC Board had \$600 cash on hand.

2. Investments

As of June 30, 2016, the County's investments consisted of \$114,561 in the North Carolina Capital Management Trust's cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

At June 30, 2016, the ABC Board had no investments.

3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2012	\$ 814,280	\$ 219,856	\$ 1,034,136
2013	844,202	151,956	996,158
2014	853,793	76,841	930,634
2015	856,612	49,255	905,867
	<u>\$ 3,368,887</u>	<u>\$ 497,908</u>	<u>\$ 3,866,795</u>

4. Receivables

Receivables at the government-wide level at June 30, 2016, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Other	Total
Governmental activities:					
General	\$ 186,924	\$ 955,694	\$ 340,970	\$ 108,477	\$ 1,592,065
Other Governmental	84,558	543	-	796,199	881,300
Total receivables	271,482	956,237	340,970	904,676	2,473,365
Allow. for doubtful accounts	-	(238,921)	-	-	(238,921)
Total governmental activities	\$ 271,482	\$ 717,316	\$ 340,970	\$ 904,676	\$ 2,234,444
Business-type activities:					
Water & Sewer	\$ 271,378	\$ -	\$ -	\$ -	\$ 271,378
Total receivables	271,378	-	-	-	271,378
Allow. for doubtful accounts	(162,022)	-	-	-	(162,022)
Total business-type activities	\$ 109,356	\$ -	\$ -	\$ -	\$ 109,356

Due from other governments that is owed to the County consists of the following at June 30, 2016:

Governmental Activities:	
Local Option Sales Tax	\$ 238,032
Department of Revenue	102,938
Total	<u>\$ 340,970</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,295,075	\$ -	\$ -	\$ 2,295,075
Construction in Progress	8,006	160,048	(8,006)	160,048
Total capital assets not depreciated	2,303,081	160,048	(8,006)	2,455,123
Capital assets being depreciated:				
Buildings	18,864,785	-	-	18,864,785
Computer Equipment	299,918	-	-	299,918
Equipment	949,026	16,000	-	965,026
Vehicles	1,583,937	136,801	(12,333)	1,708,405
Infrastructure	9,156,275	-	-	9,156,275
Total capital assets being depreciated	30,853,941	152,801	(12,333)	30,994,409
Less accumulated depreciation for:				
Buildings	3,289,976	376,234	-	3,666,210
Computer Equipment	241,103	23,899	-	265,002
Equipment	664,668	64,735	-	729,403
Vehicles	1,289,330	88,921	(12,333)	1,365,918
Infrastructure	2,758,474	390,724	-	3,149,198
Total accumulated depreciation	8,243,551	944,513	(12,333)	9,175,731
Total capital assets being depreciated, net	22,610,390	(791,712)	-	21,818,678
Governmental activities capital assets, net	\$ 24,913,471	\$ (631,664)	\$ (8,006)	\$ 24,273,801

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 174,332
Public safety	226,414
Transportation	51,694
Human Services	57,421
Environmental Protection	14,071
Education	60,988
Economic and Physical Development	359,593
Total depreciation expense	<u>\$ 944,513</u>

Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 57,839	\$ -	\$ -	\$ 57,839
Construction in Progress	482,198	-	-	482,198
Total capital assets not depreciated	<u>540,037</u>	<u>-</u>	<u>-</u>	<u>540,037</u>
Capital assets being depreciated:				
Buildings	17,484,970	-	-	17,484,970
Computer Equipment	14,917	-	-	14,917
Equipment	292,101	-	-	292,101
Vehicles	216,973	-	-	216,973
Total capital assets being depreciated	<u>18,008,961</u>	<u>-</u>	<u>-</u>	<u>18,008,961</u>
Less accumulated depreciation for:				
Buildings	6,363,364	376,518	-	6,739,882
Computer Equipment	14,747	60	-	14,807
Equipment	246,155	10,974	-	257,129
Vehicles	163,664	18,784	-	182,448
Total accumulated depreciation	<u>6,787,930</u>	<u>406,336</u>	<u>-</u>	<u>7,194,266</u>
Total capital assets being depreciated, net	<u>11,221,031</u>	<u>(406,336)</u>	<u>-</u>	<u>10,814,695</u>
Water and Sewer capital assets, net	<u>\$ 11,761,068</u>	<u>\$ (406,336)</u>	<u>\$ -</u>	<u>\$ 11,354,732</u>

Construction Commitments

The government has active construction projects as of June 30, 2016. The projects include the HMGP - Hurricane Isabel Elevation Project, the Mattamuskeet Lodge Sewer Project, CDBG - Supplemental Assistance, and the Airport Grant Project Fund. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
HMGP - Hurricane Isabel Elevation Project	\$ 1,772,502	\$ 1,207,266
Mattamuskeet Lodge Sewer Project	482,198	3,517,802
CDBG - Supplemental Assistance	615,000	25,036
Airport Grant Fund	138,926	13,068
Total	<u>\$ 3,008,626</u>	<u>\$ 4,763,172</u>

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

	Useful Life	Cost	Accumulated Depreciation	Net
Equipment	3 - 10 Years	\$ 30,227	\$ 29,629	\$ 598
Vehicle	5 yrs	17,986	12,591	5,395
		<u>\$ 48,213</u>	<u>\$ 42,220</u>	<u>\$ 5,993</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Other	Total
Governmental activities:			
General	\$ 431,411	\$ 101,488	\$ 532,899
Other Governmental	82,742	-	82,742
Total governmental activities	\$ 514,153	\$ 101,488	\$ 615,641
Business-type activities:			
Water and Sewer Fund	\$ 68,490		\$ 68,490
Total business-type activities	\$ 68,490	\$ -	\$ 68,490

2. Pension Plan Obligations and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Local Governmental Employees' Retirement System (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.80% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$319,088 for the year ended June 30, 2016.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the County reported a liability of \$333,230 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was -0.0927%, which was an increase of 0.012690 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$198,491. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 78,328
Net difference between projected and actual earnings on pension plan investments	-	94,870
Changes in proportion and differences between County Contributions and proportionate	68,986	-
County contributions subsequent to the measurement date	319,088	-
Total	<u>\$ 388,074</u>	<u>\$ 173,198</u>

\$319,088 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (91,347)
2018	(91,347)
2019	(91,279)
2020	169,762
2021	0
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment Rate of Return	7.25 percent, net of pension plan investment expense, including inflation

Local Governmental Employees' Retirement System (continued)

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Fixed Income	29%	2.2%
Global Equity	42%	5.8%
Real Estate	8%	5.2%
Alternatives	8%	9.8%
Credit	7%	6.8%
Inflation Protection	6%	3.4%

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

<u>Local Governmental Employees' Retirement System (continued)</u>			
	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	2,323,659	333,230	(1,343,663)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1) Plan Description

Hyde County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015 the Separation Allowance membership consisted of:

Retirees receiving benefits	\$ -
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	15
Total	<u>\$ 15</u>

A separate report was not issued for the plan.

2) Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68.

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors of employers

3) Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions do not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar closed basis. The remaining amortization period at December 31, 2014 was 16 years.

Law Enforcement Officers' Special Separation Allowance (continued)

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 13,464
Interest on net pension obligation	6,310
Adjustment to annual required contribution	(11,089)
Annual pension cost	<u>\$ 8,685</u>
Contributions made	-
Increase (decrease) in net pension obligation	<u>\$ 8,685</u>
Net pension obligation beginning of year	126,194
Net pension obligation end of year	<u><u>\$ 134,879</u></u>

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
2014	7.194	0.00%	118,400
2015	7.794	0.00%	126,194
2016	8.685	0.00%	134,879

4) Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$94,161. The covered payroll (annual payroll of active employees covered by the plan) was \$660,554, and the ratio of the UAAL to the covered payroll was 14.25%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County currently contributes five percent on behalf of all law enforcement employees. Also, the law enforcement officers may make voluntary contributions to the plan.

Contributions for the year ended June 30, 2016 were \$38,349, which consisted of \$31,476 from the County and \$6,873 from the employees.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of Hyde County, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The County does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

e. Register of Deeds' Supplemental Pension Fund

Plan Description. also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,421 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the County reported an asset of \$10,764 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating RODSPF employers, actuarially determined. At June 30, 2015, the County's proportion was 0.0464%, which was an increase of 0.0066% from its proportion measured as of June 30, 2014.

Register of Deeds' Supplemental Pension Fund (continued)

For the year ended June 30, 2016, the County recognized pension expense of \$31. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53	\$ 178
Net difference between projected and actual earnings on pension plan investments	534	-
Changes in proportion and differences between County Contributions and proportionate	310	1,039
County contributions subsequent to the measurement date	3,421	-
Total	<u>\$ 4,318</u>	<u>\$ 1,217</u>

\$3,421 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (121)
2018	(363)
2019	19
2020	144
2021	0
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment Rate of Return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

Register of Deeds' Supplemental Pension Fund (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the \$ net pension liability (asset)	(9,712)	\$ (10,764)	\$ (11,670)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

f. Other Post Employment Benefits

Plan Description. According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the County. The County pays a portion of the health care benefits. The portion paid by the County is based on a graduated scale based on the number of years the employee was with the retirement system. The County pays 30% for 20 years, 60% for 25 years and 100% for 30 years. The benefit is discounted when the retiree is eligible for Medicare. Currently, five retirees are eligible for post-retirement health benefits. The County obtains health care coverage through private insurers.

Membership of the Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement
Retirees and dependents receiving benefits	7	0
Terminated plan members entitled to but not yet receiving benefits	-	-
Active Plan members	99	15
Total	106	15

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. The County has chosen to fund the healthcare benefits on a pay as you go basis.

Other Post Employment Benefits (continued)

The current ARC rate is 1.98% of annual covered payroll. For the current year, the County contributed \$43,106, or 1.01% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.01% and 1.82% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 83,975
Interest on net OPEB obligation	13,710
Adjustment to annual required contribution	(13,098)
Annual OPEB cost (expense)	\$ 84,587
Contributions made	(43,106)
Increase (decrease) in net OPEB obligation	\$ 41,481
Net OPEB obligation, beginning of year	342,757
Net OPEB obligation, end of year	\$ 384,238

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	68,336	39.4%	310,326
2015	73,913	56.1%	342,757
2016	84,587	51.0%	384,238

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$650,411. The covered payroll (annual payroll of active employees covered by the plan) was \$4,271,795, and the ratio of UAAL to the covered payroll was 15.2 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare costs trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Other Post Employment Benefits (continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension-difference between expected and actual experience		
LGERS	\$ -	\$ 78,328
Register of Deeds	53	178
Pension - difference between projected and actual investment earnings		
LGERS	-	94,870
Register of Deeds	534	-
Pension - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	68,986	-
Register of Deeds	310	1,039
Contributions to pension plan in 2015-2016 fiscal year		
LGERS	319,088	-
Register of Deeds	3,421	-
Prepaid taxes not yet earned (General)	-	-
Taxes receivable, net (General), less penalties	-	716,773
Taxes receivable, net(Special Revenue)	-	543
Accounts Receivable - Patient fees (General)	-	186,924
Accounts Receivable - Patient fees (Special Revenue)	-	84,558
QZAB Bond (General)	-	209,198
Other Deferrals - Various Grants (General)	-	728,504
Other Deferrals - Various Grants (Special Revenue)	-	88,792
Total	\$ 392,392	\$ 2,189,707

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$1 million per occurrence with a limit of \$3 million per year, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for various amounts over coverage per structure.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond of \$2,000,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Hyde County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have no exceeded the coverage in any of the past three years.

In accordance with G. S. 18B-700(i), each ABC Board member and the finance officer is bonded in the amount of \$50,000, secured by a corporate surety. In accordance with the G.S. 18B-803(b) and (c) the ABC Board store managers are bonded for \$20,000. All other ABC Board employees that have access to funds are bonds under a blanket bond for \$20,000.

5. Long-Term Obligations

a. Installment Purchases

Serviced by the General Fund:

\$992,500 Note payable to Bank of America for school renovations -- Qualified Zone Academy Bond (QZAB); due in annual installments of \$55,965 through November 2018; interest at 0.00%. \$ 376,889

\$3,530,000 loan with USDA executed on November 26, 2006, for the construction of the new courthouse building in the amount of \$3,530,000. The combined repayments of the two notes require 30 annual payments of principal and interest of \$208,847. The interest rates are 4.125% and 4.375%. 2,849,559

\$148,914 loan with CenturyLink was executed on July 16, 2010, for the purchase of the E911 equipment. The transaction requires 5 principal payments of \$29,783 plus interest at 2.68%. -

Total Serviced by the General Fund \$ 3,226,448

For Hyde County, the future installment purchase payments as of June 30, 2016, including \$1,504,870 of interest, are:

Year Ending June 30	Principal	Interest
2017	\$ 144,244	\$ 120,568
2018	147,940	116,873
2019	151,791	113,022
2020	306,810	109,010
2021	101,907	104,831
2022-2026	577,154	455,062
2027-2031	708,413	320,934
2032-2036	869,544	156,246
2037-2041	218,645	8,324
Total	<u>\$ 3,226,448</u>	<u>\$ 1,504,870</u>

b. General Obligation Indebtedness

Hyde County issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water Fund, are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

\$1,853,400 Water Refunding, Series 2012 bonds, due in annual installments of \$106,746 to \$134,516 in \$ 1,529,412 principal through December 1, 2027; interest at 2.79 percent.

The County's general obligation bonds payable at June 30, 2016 are comprised of the following individual issue:

Year Ending June 30	Principal	Interest
2017	\$ 113,380	\$ 42,671
2018	116,118	39,507
2019	119,284	36,268
2020	122,867	32,940
2021	126,355	29,512
2022-2026	662,367	93,244
2027-2031	269,041	11,259
Total	<u>\$ 1,529,412</u>	<u>\$ 285,401</u>

At June 30, 2016, Hyde County had a legal debt margin of approximately \$88,670,815. The County has no authorized but unissued bonds at June 30, 2016.

c. Revenue Bonds

\$1,420,000 Water and Sewer Bonds, series 2011, due in annual installments of \$16,000 to \$74,000 in principal \$ 1,353,000 through June 2050, interest at 4.25%.

The County is in compliance with the covenants as to rates, fees, rentals, and charges in Section 5.02 of the Bond Order, authorizing the issuance for the Water and Sewer Revenue Bonds, Series 2011. Section 5.02 of the Bond Order requires the debt service coverage ratio to be no less than 100% of the debt service requirement excluding revenue bonds plus 110% of the revenue bonds debt service requirement.

Operating Revenues	\$ 1,563,178	
Operating Expenses*	<u>1,166,526</u>	
Operating Income	396,652	
Nonoperating Revenues (Expenses)	<u>(40,710)</u>	
Income available for debt service	355,942	
Debt service, principal and interest paid (Revenue bond only)	\$ 75,503	
Debt service, principal and interest paid (debt excluding revenue bonds)		\$ 156,051
Debt Service Ratio	471.43%	228.09%
Requirement Percentage	110.00%	100.00%

*Per rate covenants, this does not include depreciation expense of \$406,336

**Does not include revenue bond interest paid of \$58,268

The future payments of the revenue bonds are as follows:

<u>Year Ending June</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 18,000	\$ 57,502
2018	19,000	56,737
2019	20,000	55,930
2020	21,000	55,080
2021	22,000	54,188
2021-2025	125,000	256,062
2026-2030	152,000	227,333
2031-2035	187,000	192,227
2036-2040	230,000	148,963
2041-2045	284,000	95,710
2046-2050	275,000	29,920
	<u>\$ 1,353,000</u>	<u>\$ 1,229,652</u>

d. Qualified School Construction Bonds

The County has issued a bond in order to finance school construction.

\$3,002,692 Qualified School Construction Bond issued on October 18, 2010; due in annual installments of \$ 2,001,794 \$200,179 in principal plus interest at .93 percent through October 2025.

<u>Year Ending June</u>	<u>Governmental-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 200,179	\$ 18,617
2018	200,179	16,755
2019	200,179	14,893
2020	200,179	13,032
2021	200,179	11,170
2022-2026	1,000,899	27,925
	<u>\$ 2,001,794</u>	<u>\$ 102,392</u>

e. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental activities:					
Installment Purchase	\$ 3,367,145	\$ -	\$ 140,697	\$ 3,226,448	\$ 144,244
Qualified School Construction Bonds	2,201,974	-	200,179	2,001,795	200,179
Compensated absences	305,380	28,142	2,417	331,105	-
Net pension obligation	126,194	8,685	-	134,879	-
Net pension liability	-	296,782	-	296,782	-
Other postemployment benefits	342,757	41,481	-	384,238	-
Total	\$ 6,343,450	\$ 375,090	\$ 343,293	\$ 6,375,247	\$ 344,423
Business-type activities:					
General obligation debt	\$ 1,639,475	\$ -	\$ 110,063	\$ 1,529,412	\$ 113,380
Revenue bonds debt	1,371,000	-	18,000	1,353,000	18,000
Net pension liability	-	36,448	-	36,448	-
Compensated absences	52,040	3,475	-	55,515	-
Total	\$ 3,062,515	\$ 39,923	\$ 128,063	\$ 2,974,375	\$ 131,380

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis assuming that employees are taking leave time as it is earned.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2016, consist of the following:

From the Hurricane Irene Fund to the General Fund to assist with current year expenditures	\$ 28,836
From the E-911 Fund to the General Fund to assist with current year expenditures.	25,593
From the General Fund to the Ocracoke Occupancy Tax Fund to assist with current year expenditures.	37,887
From the General Fund to the Hyde County Senior Center Fund to provide resources	92,223
From the General Fund to the Revaluation Fund to assist with current year expenditures.	50,000
From the Water & Sewer Fund to the General Fund to assist with current year expenditures.	7,400
Total	<u>\$ 241,939</u>

* Amounts have been shown on the fund statements as advances from the General Fund and consolidated in the internal balances on the Government-wide statements.

Balances due to/from other funds at June 30, 2016, consist of the following:

From the Airport Grant Fund to the General Fund for payment of expenditures	\$ 19,194
From the PDM Program Fund to the General Fund for the payment of expenditures	58,249
From the General Fund to the Homemaker Fund for the payment of expenditures	5,870
From the Homemaker Fund to the Hydland Home Health Fund for the payment of expenditures.	15,000
From the CAPS/Personal Chore Health Fund to the Hydland Home Health Fund for the payment of expenditures	93,000
Total	<u>\$ 191,313</u>

D. Fund Balance

Hyde County has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Officers will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to spent from restricted fund balance first, followed in order by committed fund balance assigned fund balance and lastly unassigned fund balance.

Total fund balance - General Fund	\$ 6,420,667
Less:	
Stabilization by State Statute	707,944
Debt Service	135,851
Other Purposes	-
Register of Deeds	41,207
Tax Revaluation	251,619
Environmental Protection	338,925
Appropriated Fund Balance in 2017 budget	1,172,178
Remaining fund balance	\$ 3,772,943

IV. Jointly Governed Organization

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$4,732 to the Council during the fiscal year ended June 30, 2016. The County was the sub recipient of a grant for \$33,723 from the Division of Aging of the North Carolina Department of Aging and Adult Services that was passed through the Council.

V. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	Federal	State
Temporary Assistance Needy Families	\$ 23,193	\$ -
Medicaid	4,758,744	2,726,425
Special Supplemental Nutrition Program for Women, Infants, and Children	38,570	-
Foster Care-Title IV-E	(4,736)	(1,226)
State Foster Home		3,170
SC/SA Domiciliary Care		35,546
SFHF Maximization		17,796
CWS Adopt Subsidy		5,706
Low Income Energy Assistance	41,700	-
NC Health Choice	53,838	3,881
Total	\$ 4,911,309	\$ 2,791,298

VI. Summary Disclosure of Significant Contingencies

A. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

B. Employment Security Benefits

Hyde County has elected to pay direct costs of employment security benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

VII. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Tax

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2016, the County reported these local option sales taxes within the General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

VIII. Economic Dependence

The County receives a substantial amount of revenue each year from the Hyde County Prison. For the year ended June 30, 2016, revenue from the Hyde County Prison represented 39% of the total Water and Sewer Fund revenues.

IX. Date of Management Evaluation

Management has evaluated subsequent events through January 26, 2017, the date on which the financial statements were available to be issued.

X. Prior Period Adjustment

A prior period adjustment was recorded to reflect adjustments to write off old uncollectible Water Fund accounts receivable from prior years. This adjustment decreased the Water Fund balance by \$63,589.

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

Schedule of Funding Progress for the Other Postemployment Benefits

Schedule of Employer Contributions for the Other Postemployment Benefits

Notes to the Required Schedules for the Other Postemployment Benefits

Schedule of County's Proportionate Share of Net Pension Asset (LGERS)

Schedule of County Contributions (LGERS)

Schedule of County's Proportionate Share of Net Pension Asset (ROD)

Schedule of County Contributions (ROD)

Hyde County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2008	-	27,277	27,277	0.00%	613,944	4.44%
12/31/2009	-	48,232	48,232	0.00%	668,839	7.21%
12/31/2010	-	43,267	43,267	0.00%	681,744	6.35%
12/31/2012	-	41,513	41,513	0.00%	667,010	6.22%
12/31/2013	-	49,087	49,087	0.00%	637,182	7.70%
12/31/2014	-	55,717	55,717	0.00%	707,649	7.87%
12/31/2015	-	94,161	94,161	0.00%	660,554	14.25%

**Hyde County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	9,847	0%
2013	9,490	0%
2014	10,694	0%
2015	11,876	0%
2016	8,685	0%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50 - 7.35%
*Included inflation at	3.00%
Cost-of living adjustments	N/A

Hyde County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2007	-	751,226	751,226	0.00%	3,209,473	23.4%
12/31/2008	-	789,127	789,127	0.00%	3,966,397	19.9%
12/31/2009	-	812,528	812,528	0.00%	4,393,975	18.5%
12/31/2012	-	747,908	747,908	0.00%	4,169,188	17.9%
12/31/2013	-	763,530	763,530	0.00%	4,253,513	18.0%
12/31/2014	-	825,774	825,774	0.00%	4,363,660	18.9%
12/31/2015	-	650,411	650,411	0.00%	4,271,795	15.2%

**Hyde County, North Carolina
Other Post Employment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	92,731	43.8%
2013	87,089	51.1%
2014	68,336	39.4%
2015	73,913	56.1%
2016	84,587	51.0%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	4.00%
Pre-Medicare Trend Rate	7.75% - 5.00%
Year of ultimate trend rate	2022
*Includes inflation at	3.00%

Hyde County
Schedule of Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last 3 Fiscal Years*

Local Government Employees' Retirement System			
	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	-0.09271%	-0.10540%	-0.15681%
County's proportion of the net pension liability (asset) (\$)	\$ (416,066)	\$ (416,066)	\$ 865,466
County's covered-employee payroll	\$ 4,766,419	\$ 3,992,844	\$ -
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-8.73%	-10.42%	21.68%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Hyde County
Schedule of County Contributions
Local Government Employees' Retirement System
Last 3 Fiscal Years

Local Government Employees' Retirement System			
	2016	2015	2014
Contractually required contribution	\$ 319,087	\$ 338,226	\$ 319,589
Contributions in relation to the contractually required contribution	319,087	338,226	319,589
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,658,555	\$ 4,766,419	\$ -
Contributions as a percentage of covered-employee payroll	6.85%	7.10%	#DIV/0!

Hyde County
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last 3 Fiscal Years*

	2016	2015	2014
County's proportionate share of the net pension liability (%)	0.0464%	0.0398%	0.0412%
County's proportionate share of the net pension liability (\$)	\$ (10,764)	\$ (9,019)	\$ (9,330)
County's covered-employee payroll	\$ 50,189	\$ 50,189	\$ 50,189
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-21.45%	-17.97%	-18.59%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

* The amounts presented for the fiscal year were determined as of June 30.

Hyde County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last 3 Fiscal Years*

	2016	2015	2014
County's required contribution	\$ 3,421	\$ 3,492	\$ 3,492
Contributions in relation to contractually required contribution	3,421	3,492	3,492
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 50,313	\$ 50,189	\$ 50,189
Contributions as a percentage of covered-employee payroll	6.80%	6.96%	6.96%

Combining and Individual Fund Statements and Schedules

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 6,841,114	\$ 7,365,572	\$ 524,458
Interest	76,500	94,082	17,582
Total	<u>6,917,614</u>	<u>7,459,654</u>	<u>542,040</u>
Local option sales tax:			
Article 39 and 44	619,000	570,570	(48,430)
Article 40 one - half of one percent	324,900	352,514	27,614
Article 42 one - half of one percent	344,500	309,526	(34,974)
Medicaid Hold Harmless Payment	360,000	192,471	(167,529)
Total	<u>1,648,400</u>	<u>1,425,081</u>	<u>(223,319)</u>
Other taxes & licenses:			
Real estate stamp excise tax	58,000	65,570	7,570
Scrap tire disposal tax	5,000	7,616	2,616
White goods disposal tax	-	1,435	1,435
Solid waste disposal tax	4,000	4,503	503
Local occupancy tax	35,850	46,285	10,435
Franchise Tax - cable tv	3,100	3,288	188
Beer and wine licenses	150	580	430
Total	<u>106,100</u>	<u>129,277</u>	<u>23,177</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes-outside sources	207,000	118,924	(88,076)
Beer and wine tax	20,000	25,241	5,241
Total	<u>227,000</u>	<u>144,165</u>	<u>(82,835)</u>
Restricted intergovernmental:			
State Grants	902,810	703,378	(199,432)
Federal Grants	-	-	-
Social Service Grants - federal and state	1,442,242	1,084,405	(357,837)
Other grants	1,582,719	302,267	(1,280,452)
On-behalf of payments - Fire and Rescue			-
Unauthorized substance tax			-
Court facility fees	10,000	3,989	(6,011)
ABC Bottles taxes	2,105	2,392	287
Total	<u>3,939,876</u>	<u>2,096,431</u>	<u>(1,843,445)</u>

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Permits and fees:			
Building Permits	12,000	16,589	4,589
Concealed handgun permits	2,500	3,280	780
Inspection Fees	15,085	21,850	6,765
Register of Deeds	20,000	21,217	1,217
Election filing fees	100	198	98
Sheriff Fees	10,000	12,059	2,059
Private well fees	1,000	4,280	3,280
Code Enforcement Penalties	1,000	1,707	707
Homeownership Recovery Fee	-	-	-
Total	61,685	81,180	19,495
Sales and services:			
Rents, Concessions, and Fees	123,960	120,220	(3,740)
Jail Fees	-	959	959
Household Garbage Collection	6,000	4,023	(1,977)
Ambulance and Rescue Squad Fees	350,000	242,518	(107,482)
Airport Gas Sales	15,000	30,789	15,789
Health Department Fees			-
Total	494,960	398,509	(96,451)
Investment earnings:	10,000	11,918	1,918
Miscellaneous:			
Insurance Claims	-	18,977	18,977
Judgment Proceeds			-
Donations			-
Other Revenues	155,200	119,798	(35,402)
Total	155,200	138,775	(16,425)
Total revenues	13,560,835	11,884,990	(1,675,845)

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	24,363	24,364	(1)
Other operating expenditures	3,401	3,017	384
Total	27,764	27,381	383
Administration:			
Salaries and employee benefits	256,923	262,117	(5,194)
Other operating expenditures	731,607	838,949	(107,342)
Capital outlay	-	-	-
Total	988,530	1,101,066	(112,536)
Elections:			
Salaries and employee benefits	46,112	44,108	2,004
Other operating expenditures	46,999	45,901	1,098
Capital Outlay	-	-	-
Total	93,111	90,009	3,102
Finance:			
Salaries and employee benefits	124,138	127,598	(3,460)
Other operating expenditures	34,650	27,613	7,037
Capital outlay	-	-	-
Total	158,788	155,211	3,577
Human Resources:			
Salaries and employee benefits	55,205	55,306	(101)
Other operating expenditures	16,901	13,923	2,978
Capital Outlay	-	-	-
Total	72,106	69,229	2,877
Taxes:			
Salaries and employee benefits	150,435	148,129	2,306
Other operating expenditures	104,699	89,975	14,724
Capital outlay	-	-	-
Total	255,134	238,104	17,030
Legal:			
Contracted Services	25,500	22,319	3,181
Capital outlay	-	-	-
Total	25,500	22,319	3,181

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Register of Deeds:			
Salaries and employee benefits	102,920	102,965	(45)
Other operating expenditures	77,975	75,413	2,562
Capital Outlay	-	-	-
Total	180,895	178,378	2,517
Public Buildings:			
Salaries and employee benefits	122,617	121,802	815
Other operating Expenditures	314,502	315,271	(769)
Public Safety Center Project			-
ECB Renovations Project			-
Government Center Project			-
Creekside Drive Waterline Project			-
Total	437,119	437,073	46
Court Facilities:			
Other operating expenditures	10,000	3,989	6,011
Total	10,000	3,989	6,011
Total General Government	2,248,947	2,322,759	(73,812)
Public Safety:			
Sheriff:			
Salaries and employee benefits	996,645	1,006,150	(9,505)
Other operating expenditures	261,701	235,766	25,935
Capital outlay	50,000	58,233	(8,233)
Total	1,308,346	1,300,149	8,197
ABC Rehabilitation:			
Other operating expenditures	2,105	2,105	-
Total	2,105	2,105	-
Dare:			
Salaries and employee benefits	47,745	41,532	6,213
Other operating expenditures	4,749	9,492	(4,743)
Total	52,494	51,024	1,470
Jail:			
Salaries and employee benefits	-	-	-
Other operating expenditures	107,750	106,940	810
Total	107,750	106,940	810

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Emergency Management:			
Salaries and employee benefits	80,726	80,321	405
Other operating expenditures	1,370,787	121,294	1,249,493
Capital outlay	-	-	-
Total	1,451,513	201,615	1,249,898
Fire:			
Contracted Services	168,315	164,512	3,803
Inspections:			
Salaries and employee benefits	99,542	98,052	1,490
Other operating expenditures	34,950	25,129	9,821
Capital outlay	-	-	-
Total	134,492	123,181	11,311
Rescue:			
Salaries and employee benefits	1,021,190	1,000,374	20,816
Other operating expenditures	461,200	447,747	13,453
Capital outlay	-	-	-
Total	1,482,390	1,448,121	34,269
Animal Control:			
Salaries and Employee Benefits			-
Other operating expenditures		(500)	500
Total	-	(500)	500
Medical Examiner:			
Other operating expenditures	3,000	300	2,700
Total	3,000	300	2,700
Total Public Safety	4,710,405	3,397,447	1,312,958
Environmental Protection:			
Solid Waste:			
Salaries and employee benefits	290,077	276,086	13,991
Other operating expenditures	620,778	566,577	54,201
Capital outlay	42,000	41,654	346
Total	952,855	884,317	68,538
Total Environmental Protection	952,855	884,317	68,538

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Transportation:			
Airport:			
Other operating expenditures	81,600	59,107	22,493
Capital Outlay	-	-	-
Total Transportation	81,600	59,107	22,493
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	106,669	105,730	939
Other operating expenditures	59,033	57,033	2,000
Professional services	-	-	-
Total	165,702	162,763	2,939
Agricultural Extension:			
Salaries and employee benefits	111,820	105,923	5,897
Other operating expenditures	20,700	20,726	(26)
Capital outlay	-	-	-
Total	132,520	126,649	5,871
Swan Quarter Dike Project:			
Capital Outlay	80,000	34,623	45,377
Juvenile Crime Prevention:			
Salaries and employee benefits	17,390	16,013	1,377
Other operating expenditures	37,498	38,559	(1,061)
Total	54,888	54,572	316
Soil and Water Conservation:			
Salaries and employee benefits	105,531	101,797	3,734
Other operating expenditures	21,434	23,344	(1,910)
Capital outlay	-	-	-
Total	126,965	125,141	1,824
Total Economic and Physical Development	560,075	503,748	56,327

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	119,782	108,478	11,304
Other operating expenditures	138,251	105,296	32,955
Capital Outlay	-	24,251	(24,251)
Total	<u>258,033</u>	<u>238,025</u>	<u>20,008</u>
Public Management Entity:			
Salaries and employee benefits	3,610	3,593	17
Other operating expenditures	5,190	4,821	369
Capital Outlay	-	-	-
Total	<u>8,800</u>	<u>8,414</u>	<u>386</u>
Communicable Diseases:			
Salaries and employee benefits	12,221	10,403	1,818
Other operating expenditures	7,730	7,404	326
Total	<u>19,951</u>	<u>17,807</u>	<u>2,144</u>
Immunization:			
Salaries and employee benefits	3,660	3,355	305
Other operating expenditures	1,816	1,601	215
Total	<u>5,476</u>	<u>4,956</u>	<u>520</u>
Medical Assistance:			
Salaries and Employee Benefits	17,058	16,658	400
Other operating expenditures	7,280	5,957	1,323
Total	<u>24,338</u>	<u>22,615</u>	<u>1,723</u>
Health Promotions-Risk Reduction:			
Salaries and Employee Benefits	15,838	15,880	(42)
Other Operating Expenditures	15,354	14,064	1,290
Total	<u>31,192</u>	<u>29,944</u>	<u>1,248</u>
Child Health-State:			
Salaries and Employee Benefits	16,166	15,660	506
Other operating expenditures	5,299	2,757	2,542
Total	<u>21,465</u>	<u>18,417</u>	<u>3,048</u>

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Maternal Health-State:			
Salaries and Employee Benefits	14,527	15,228	(701)
Other operating expenditures	5,113	1,395	3,718
Total	19,640	16,623	3,017
Breast and Cervical Cancer:			
Salaries and Employee Benefits	6,310	6,305	5
Other operating expenditures	8,240	8,236	4
Total	14,550	14,541	9
Food and Lodging:			
Salaries and Employee Benefits	39,448	37,915	1,533
Other operating expenditures	4,765	4,472	293
Capital Outlay	-	-	-
Total	44,213	42,387	1,826
Women, Infants and children:			
Salaries and Employee Benefits	24,748	22,790	1,958
Other operating expenditures	6,924	2,382	4,542
Total	31,672	25,172	6,500
Pregnancy Care Management:			
Salaries and Employee Benefits	11,962	11,402	560
Other operating expenditures	478	451	27
Total	12,440	11,853	587
Tobacco Free Hyde:			
Salaries and Employee Benefits	-	-	-
Environmental Health:			
Salaries and Employee Benefits	35,969	31,976	3,993
Other operating expenditures	26,565	23,972	2,593
Total	62,534	55,948	6,586
Mosquito Control:			
Salaries and Employee Benefits	-	-	-
Other operating expenditures	3,609	-	3,609
Total	3,609	-	3,609

**Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Adult Health:			
Salaries and Employee Benefits	116,011	113,092	2,919
Other operating expenditures	33,125	25,350	7,775
Capital Outlay	-	-	-
Total	149,136	138,442	10,694
Family Planning - State:			
Salaries and Employee Benefits	67,243	62,672	4,571
Other operating expenditures	20,604	15,951	4,653
Capital Outlay	-	-	-
Total	87,847	78,623	9,224
Child Service Coordinator - State:			
Salaries and Employee Benefits	16,934	16,715	219
Other operating expenditures	2,091	1,270	821
Total	19,025	17,985	1,040
Kate B. Reynolds Grant:			
Salaries and Employee Benefits	35,304	31,038	4,266
Other operating expenditures	50,724	30,465	20,259
Total	86,028	61,503	24,525
Community Transformation:			
Other operating expenditures	-	-	-
Total	-	-	-
Mental Health:			
Other operating expenditures	10,914	10,914	-
Total	10,914	10,914	-
Social Services:			
Medical Assistance Program:			
Salaries and Employee Benefits	787,106	678,514	108,592
Other operating expenditures	311,430	193,744	117,686
Capital Outlay	-	-	-
Total	1,098,536	872,258	226,278
SBA Home Loans/Grants:			
Transportation	5,068	5,084	(16)
In-Home Chore	17,949	14,612	3,337
Total	23,017	19,696	3,321

**Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
CAPS - Medicaid:			
Salaries and Employee Benefits	34,486	32,947	1,539
Other operating expenditures	28,500	7,464	21,036
Total	62,986	40,411	22,575
Public Assistance:			
Special Assistance	50,500	35,256	15,244
Medical Assistance	2,500	-	2,500
Total	53,000	35,256	17,744
Day Care:			
Salaries and Employee Benefits	67,548	65,177	2,371
Other operating expenditures	295,405	68,050	227,355
Total	362,953	133,227	229,726
Mattamuskeet Opportunities:			
Salaries and Employee Benefits	96,316	65,045	31,271
Other operating expenditures	55,070	42,538	
Capital Outlay	25,000	28,663	(3,663)
Total	176,386	136,246	27,608
Project Direct Legacy for Men:			
Salaries and Employee Benefits	917	946	(29)
Other operating expenditures	9,083	2,055	7,028
Total	10,000	3,001	6,999
Primary Care Telemedicine:			
Salaries and Employee Benefits	8,603	8,284	319
Other operating expenditures	7,999	1,732	6,267
Capital Outlay	-	-	-
Total	16,602	10,016	6,586
Triple P Program:			
Salaries and Employee Benefits	42,867	41,095	1,772
Other operating expenditures	132,502	103,210	29,292
Capital Outlay	-	-	-
Total	175,369	144,305	31,064

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Family Connects:			
Salaries and Employee Benefits	31,849	23,136	8,713
Other operating expenditures	8,393	7,191	1,202
Capital Outlay	-	-	-
Total	40,242	30,327	9,915
Peer Counselor:			
Other operating expenditures	8,000	4,483	3,517
Total	8,000	4,483	3,517
Drug Overdose Prevention:			
Salaries and Employee Benefits	2,363	2,370	(7)
Other operating expenditures	7,637	5,779	1,858
Total	10,000	8,149	1,851
Vidant Health Promotion:			
Salaries and Employee Benefits	3,782	3,793	(11)
Other operating expenditures	11,218	4,241	6,977
Total	15,000	8,034	6,966
NCDPH EBOLA:			
Salaries and Employee Benefits	7,277	5,145	2,132
Other operating expenditures	9,723	8,068	1,655
Total	17,000	13,213	3,787
PH Famers Market:			
Salaries and Employee Benefits	665	280	385
Other operating expenditures	1,835	610	1,225
Total	2,500	890	1,610

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Services:			
SSBG In-Home Chore	24,543	22,369	2,174
SSBG Blind	2,089	1,629	460
SSBG Transportation	400	304	96
SSBG Legal Services	15,000	1,398	13,602
Crisis Intervention	31,865	32,038	(173)
Medicaid transportation	65,000	40,980	24,020
State Foster Care	30,480	15,775	14,705
TANF Domestic Violence	-	(229)	229
IV-A adoption assistance	2,731	-	2,731
IV-B adoption assistance	3,740	1,744	1,996
IV-E Foster Care	35,710	42,847	(7,137)
General assistance	3,000	1,424	1,576
Personal Care equipment	1,000	-	1,000
200% of poverty	5,000	2,248	2,752
AFDC emergency assistance	5,000	4,049	951
Hyde County Transit	40,000	27,294	12,706
LIEAP	41,602	41,800	(198)
Other operating expenditures	21,900	5,515	16,385
Total	329,060	241,185	87,875
Bioterrorism:			
Salaries and Employee Benefits	30,519	25,252	5,267
Other operating expenditures	11,751	11,746	5
Total	42,270	36,998	5,272
Elderly Nutrition:			
Other operating expenditures	33,723	33,723	-
Total	33,723	33,723	-
Transportation:			
Elderly and Disabled	85,167	85,165	2
Pregnant Women and Children	-	-	-
Work first transportation	-	-	-
Total	85,167	85,165	2

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Veteran's Services:			
Salaries and Employee Benefits	8,744	5,667	3,077
Other operating expenditures	1,400	-	1,400
Total	10,144	5,667	4,477
Private Well Services:			
Salaries and Employee Benefits	1,335	416	919
Other operating expenditures	465	454	11
Total	1,800	870	930
Total Human Services	3,484,618	2,677,289	794,797
Cultural and Recreation:			
Cultural Contributions	43,000	43,000	-
Total	43,000	43,000	-
Education:			
Public schools - current	1,470,336	1,470,336	-
Public schools - capital outlay	-	-	-
Total	1,470,336	1,470,336	-
Debt service:			
Installment debt principal	343,920	343,264	656
QSCB bond principal	220,658	220,658	-
QZAB bond principal	55,965	55,965	-
Interest and Fees	-	-	-
Total debt service	620,543	619,887	656
Total expenditures	14,172,379	11,977,890	2,181,957
Revenue over (under) expenditures	(611,544)	(92,900)	506,112

Hyde County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from other funds:			
Special Revenue Funds	25,593	54,429	28,836
Water Sewer Fund	-	7,400	7,400
Transfers to other funds:			
Revaluation Fund	-	(50,000)	
Special Revenue Funds	(92,223)	(130,110)	(37,887)
Total	(66,630)	(118,281)	(1,651)
Special Appropriation - Ocracoke Occupancy Tax	-	-	-
Total other financing sources (uses)	(66,630)	(118,281)	(1,651)
Appropriated Fund Balance	678,174	-	(678,174)
Net change in fund balance	<u>\$ -</u>	(211,181)	<u>\$ (173,713)</u>
Fund balance, beginning		6,041,304	
Prior period adjustment			
Fund balance, restated		6,041,304	
Fund balance, ending		<u>\$ 5,830,123</u>	

**Hyde County
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 500	\$ 717	\$ 217
Total Revenues	<u>500</u>	<u>717</u>	<u>217</u>
Expenditures:			
Contract Services	50,000	130,406	(80,406)
Total Expenditures	<u>50,000</u>	<u>130,406</u>	<u>(80,406)</u>
Revenues over (under) expenditures	<u>(49,500)</u>	<u>(129,689)</u>	<u>(80,189)</u>
Other financing sources (uses):			
Transfer from (to) General Fund	50,000	50,000	-
Appropriated Fund Balance	<u>(500)</u>	<u>-</u>	<u>500</u>
Total Other financing sources (uses)	<u>49,500</u>	<u>50,000</u>	<u>500</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ (79,689)</u></u>	<u><u>\$ (79,689)</u></u>
Fund balance, beginning		<u>331,308</u>	
Fund balance, ending		<u><u>\$ 251,619</u></u>	

Hyde County
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 5,000	\$ 655	\$ (4,345)
Total Revenues	<u>5,000</u>	<u>655</u>	<u>(4,345)</u>
Expenditures:			
Contract Services	5,000	-	5,000
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>655</u>	<u>655</u>
Other financing sources (uses):			
Transfer to General Fund	-	-	-
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 655</u></u>	<u><u>\$ 655</u></u>
Fund balance, beginning		<u>338,270</u>	
Fund balance, ending		<u><u>\$ 338,925</u></u>	

NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Governmental Funds are Special Revenue Funds and Capital Projects Funds.

Hyde County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash and cash equivalents	\$ 2,030,475	\$ -	\$ 2,030,475
Accounts receivable, net	84,558	-	84,558
Taxes receivable, net	543	-	543
Other Receivables	796,199	-	796,199
Due from other funds	113,870	-	113,870
Due from other governments	-	-	-
Total assets	<u>3,025,645</u>	<u>-</u>	<u>3,025,645</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	101,488	-	101,488
Due to other funds	166,249	19,194	185,443
Deferred Inflows of Resources	88,792	-	88,792
Total liabilities	<u>356,529</u>	<u>19,194.00</u>	<u>375,723</u>
Fund Balances:			
Restricted:			
Reserved by State Statute	842,372	-	842,372
Economic and physical development	583,406	-	583,406
Transportation	-	(35,194)	(35,194)
Other Purposes	181,504	-	181,504
Committed:			
Public Safety	170,349	-	170,349
Human Services	419,404	-	419,404
Economic and physical development	252,467	-	252,467
Cultural and Recreation	14,244	-	14,244
Assigned:			
Subsequent years' expenditures	260,205	16,000	276,205
Unassigned	(54,835)	-	(54,835)
Total fund balances	<u>2,669,116</u>	<u>(19,194)</u>	<u>2,649,922</u>
Total liabilities, deferred inflows of resources	<u>\$ 3,025,645</u>	<u>\$ -</u>	<u>\$ 3,025,645</u>

Hyde County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 56,126	\$ -	\$ 56,126
Other taxes and licenses	416,345	-	416,345
Restricted intergovernmental	219,845	4,460	224,305
Sales and Services	444,187	-	444,187
Investment earnings	78,208	-	78,208
Miscellaneous	2,553	110,805	113,358
Total revenues	<u>1,217,264</u>	<u>115,265</u>	<u>1,332,529</u>
Expenditures:			
Current:			
General government	348,801	-	348,801
Public safety	83,026	-	83,026
Economic and physical development	402,858	-	402,858
Human Services	121,717	-	121,717
Environmental Protection	4,604	-	4,604
Cultural and Recreation	66,558	-	66,558
Education	-	-	-
Capital Outlay	-	160,048	160,048
Total expenditures	<u>1,027,564</u>	<u>160,048</u>	<u>1,187,612</u>
Excess (deficiency) of revenues over expenditures	<u>189,700</u>	<u>(44,783)</u>	<u>144,917</u>
Other financing sources (uses):			
Transfers from other funds	130,110	-	130,110
Transfers to other funds	(54,429)	-	(54,429)
Debt service	-	-	-
Total other financing sources (uses)	<u>75,681</u>	<u>-</u>	<u>75,681</u>
Net change in fund balances	265,381	(44,783)	220,598
Fund balances, beginning	<u>2,403,735</u>	<u>25,589</u>	<u>2,429,324</u>
Fund balances, ending	<u>\$ 2,669,116</u>	<u>\$ (19,194)</u>	<u>\$ 2,649,922</u>

Hyde County
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016

Special Revenue Funds									
	Ocracoke Occupancy Tax Fund	Hurricane Irene Fund	Hydeland Home Health	West Quarter District	Mainland Occupancy Tax	4-H	E-911	Hyde County Senior Center	
Assets:									
Cash and cash equivalents	\$ 654,707	\$ 21,844	\$ 584,434	\$ 64,948	\$ 18,978	\$ 16,695	\$ 203,518	\$ 81,412	
Accounts receivable, net	-	-	61,791	-	-	-	-	-	
Taxes Receivable, net	-	-	-	-	-	-	-	-	
Other Receivables	-	-	-	-	-	-	-	-	
Due from other funds	-	-	108,000	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	-	
Total assets	<u>\$ 654,707</u>	<u>\$ 21,844</u>	<u>\$ 754,225</u>	<u>\$ 64,948</u>	<u>\$ 18,978</u>	<u>\$ 16,695</u>	<u>\$ 203,518</u>	<u>\$ 81,412</u>	
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 72,301	\$ 581	\$ 15,981	\$ 575	\$ -	\$ 2,451	\$ 3,488	\$ 3,933	
Due to other funds	-	-	-	-	-	-	-	-	
Deferred Inflows of Resources	-	-	63,536	-	-	-	-	-	
Total liabilities	<u>72,301</u>	<u>581</u>	<u>79,517</u>	<u>575</u>	<u>-</u>	<u>2,451</u>	<u>3,488</u>	<u>3,933</u>	
Fund Balances:									
Restricted:									
Reserved by State Statute	-	-	61,791	-	-	-	-	-	
Economic and physical development	582,406	-	-	-	-	-	-	-	
Other Purposes	-	21,263	-	64,373	18,978	-	-	-	
Committed:									
Public Safety	-	-	-	-	-	-	170,349	-	
Human Services	-	-	482,986	-	-	-	-	(23,114)	
Economic and physical development	-	-	-	-	-	-	-	-	
Cultural and Recreation	-	-	-	-	-	14,244	-	-	
Assigned:									
Subsequent year's expenditures	-	-	129,931	-	-	-	29,681	100,593	
Unassigned	-	-	-	-	-	-	-	-	
Total fund balances	<u>582,406</u>	<u>21,263</u>	<u>674,708</u>	<u>64,373</u>	<u>18,978</u>	<u>14,244</u>	<u>200,030</u>	<u>77,479</u>	
Total liabilities, deferred inflows of resources, and fund balances	\$ 654,707	\$ 21,844	\$ 754,225	\$ 64,948	\$ 18,978	\$ 16,695	\$ 203,518	\$ 81,412	

Hyde County
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016

	Special Revenue Funds				Special Revenue Funds				Total
	Revolving Loan	CAPS/Personal Care Chore Health	CDBG Program Repayment	Swan Quarter Water Shed District	PDM Program Fund	Homemaker Fund			Nonmajor Special Revenue Funds
Assets:									
Cash and cash equivalents	\$ 252,467	\$ 43,221	\$ 1,000	\$ 79,086	\$ 3,414	\$ 4,751		\$ 2,030,475	
Accounts receivable, net	-	22,767	-	-	-	-		84,558	
Taxes Receivable, net	-	-	-	543	-	-		543	
Other Receivables	780,581	15,618	-	-	-	-		796,199	
Due from other funds	-	-	-	-	-	5,870		113,870	
Due from other governments	-	-	-	-	-	-		-	
Total assets	\$ 1,033,048	\$ 81,606	\$ 1,000	\$ 79,629	\$ 3,414	\$ 10,621		\$ 3,025,645	
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 1,511		\$ 250	\$ -	\$ 417		101,488	
Due to other funds	-	93,000		-	58,249	15,000		166,249	
Deferred Inflows of Resources	-	22,767		2,489	-	-		88,792	
Total liabilities	-	117,278	-	2,739	58,249	15,417		356,529	
Fund Balances:									
Restricted:									
Reserved by State Statute	780,581	-	-	-	-	-		842,372	
Economic and physical development	-	-	1,000	-	-	-		583,406	
Other Purposes	-	-	-	76,890	-	-		181,504	
Committed:									
Public Safety	-	-	-	-	-	-		170,349	
Human Services	-	-	-	-	-	-		419,404	
Economic and physical development	252,467	(35,672)	-	-	-	(4,796)		252,467	
Cultural and Recreation	-	-	-	-	-	-		14,244	
Assigned:									
Subsequent year's expenditures	-	-	-	-	-	-		260,205	
Unassigned	-	-	-	-	(54,835)	-		(54,835)	
Total fund balances	1,033,048	(35,672)	1,000	76,890	(54,835)	(4,796)		2,669,116	
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,033,048	\$ 81,606	\$ 1,000	\$ 79,629	\$ 3,414	\$ 10,621		\$ 3,025,645	

Hyde County, North Carolina
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	Ocracoke Occupancy Tax Fund	Hurricane Irene Fund	Hydeland Home Health	West Quarter District	Mainland Occupancy Tax	4-H	E-911	Hyde County Senior Center
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 29,731	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	408,869	-	-	-	7,476	-	-	-
Restricted intergovernmental	-	28,836	-	-	-	-	-	11,809
Sales and Services	-	-	235,749	-	-	27,493	124,205	450
Investment earnings	3,532	-	4,830	-	-	-	493	-
Miscellaneous	-	-	-	-	-	-	-	2,553
Total revenues	<u>412,401</u>	<u>28,836</u>	<u>240,579</u>	<u>29,731</u>	<u>7,476</u>	<u>27,493</u>	<u>124,698</u>	<u>14,812</u>
Expenditures:								
Current:								
General government	-	-	291,321	2,325	-	-	-	47,305
Public safety	-	-	-	-	-	-	83,026	-
Economic and physical development	384,047	-	-	-	8,755	-	-	-
Human Services	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Cultural and Recreation	-	-	-	-	-	21,827	-	44,731
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>384,047</u>	<u>-</u>	<u>291,321</u>	<u>2,325</u>	<u>8,755</u>	<u>21,827</u>	<u>83,026</u>	<u>92,036</u>
Excess (deficiency) of revenues over expenditures	<u>28,354</u>	<u>28,836</u>	<u>(50,742)</u>	<u>27,406</u>	<u>(1,279)</u>	<u>5,666</u>	<u>41,672</u>	<u>(77,224)</u>
Other financing sources (uses):								
Transfers from other funds	37,887	-	-	-	-	-	-	92,223
Transfers to other funds	-	(28,836)	-	-	-	-	(25,593)	-
Insurance Recovery	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>37,887</u>	<u>(28,836)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,593)</u>	<u>92,223</u>
Net change in fund balances	<u>66,241</u>	<u>-</u>	<u>(50,742)</u>	<u>27,406</u>	<u>(1,279)</u>	<u>5,666</u>	<u>16,079</u>	<u>14,999</u>
Fund balances, beginning	516,165	21,263	725,450	36,967	20,257	8,578	183,951	62,480
Prior period adjustment	-	-	-	-	-	-	-	-
Fund balances, beginning as restated	<u>516,165</u>	<u>21,263</u>	<u>725,450</u>	<u>36,967</u>	<u>20,257</u>	<u>8,578</u>	<u>183,951</u>	<u>62,480</u>
Fund balances, ending	<u>\$ 582,406</u>	<u>\$ 21,263</u>	<u>\$ 674,708</u>	<u>\$ 64,373</u>	<u>\$ 18,978</u>	<u>\$ 14,244</u>	<u>\$ 200,030</u>	<u>\$ 77,479</u>

Hyde County
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	Revolving Loan	CAPS/Personal Care Chore Health	CDBG Program Repayment	Swan Quarter Water Shed District	PDM Program Fund	Homemaker Fund	Total Nonmajor Special Revenue Funds
Revenues:							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 26,395	\$ -	\$ -	\$ 56,126
Other taxes and licenses	-	-	-	-	-	-	416,345
Restricted intergovernmental	-	-	-	-	153,280	25,920	219,845
Sales and Services	-	56,290	-	-	-	-	444,187
Investment earnings	69,349	4	-	-	-	-	78,208
Miscellaneous	-	-	-	-	-	-	2,553
Total revenues	<u>69,349</u>	<u>56,294</u>	<u>-</u>	<u>26,395</u>	<u>153,280</u>	<u>25,920</u>	<u>1,217,264</u>
Expenditures:							
Current:							
General government	-	7,850	-	-	-	-	348,801
Public safety	-	-	-	-	-	-	83,026
Economic and physical development	56	-	-	-	10,000	-	402,858
Human Services	-	84,483	-	-	-	37,234	121,717
Environmental Protection	-	-	-	4,604	-	-	4,604
Cultural and Recreation	-	-	-	-	-	-	66,558
Education	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total expenditures	<u>56</u>	<u>92,333</u>	<u>-</u>	<u>4,604</u>	<u>10,000</u>	<u>37,234</u>	<u>1,027,564</u>
Excess (deficiency) of revenues over expenditures	<u>69,293</u>	<u>(36,039)</u>	<u>-</u>	<u>21,791</u>	<u>143,280</u>	<u>(11,314)</u>	<u>189,700</u>
Other financing sources (uses):							
Transfers from other funds	-	-	-	-	-	-	130,110
Transfers to other funds	-	-	-	-	-	-	(54,429)
Insurance Recovery	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,681</u>
Net change in fund balances	<u>69,293</u>	<u>(36,039)</u>	<u>-</u>	<u>21,791</u>	<u>143,280</u>	<u>(11,314)</u>	<u>265,381</u>
Fund balances, beginning	963,755	367	1,000	55,099	(198,115)	6,518	2,403,735
Prior period adjustment	-	-	-	-	-	-	-
Fund balances, beginning as restated	<u>963,755</u>	<u>367</u>	<u>1,000</u>	<u>55,099</u>	<u>(198,115)</u>	<u>6,518</u>	<u>2,403,735</u>
Fund balances, ending	<u>\$ 1,033,048</u>	<u>\$ (35,672)</u>	<u>\$ 1,000</u>	<u>\$ 76,890</u>	<u>\$ (54,835)</u>	<u>\$ (4,796)</u>	<u>\$ 2,669,116</u>

Hyde County, North Carolina
Ocracoke Occupancy Tax Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and Licenses:			
Occupancy tax	\$ 353,371	\$ 408,869	\$ 55,498
Investment Earnings	3,500	3,532	32
Sales and Services:	-	-	-
Rent Income	-	-	-
Miscellaneous:	-	-	-
Donations	-	-	-
Total revenues	<u>356,871</u>	<u>412,401</u>	<u>55,530</u>
Expenditures			
Economic and Physical Development:	356,871	384,047	(27,176)
Total expenditures	<u>356,871</u>	<u>384,047</u>	<u>(27,176)</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>28,354</u>	<u>28,354</u>
Other Financing Sources (Uses)			
Transfers from other funds	-	37,887	37,887
Fund Balance Appropriated	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>37,887</u>	<u>37,887</u>
Net change in fund balance	<u>\$ -</u>	<u>66,241</u>	<u>\$ 66,241</u>
Fund balance, beginning		<u>516,165</u>	
Fund balance, ending		<u>\$ 582,406</u>	

Hyde County
Hydeland Home Health Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Sales and Services:			
Fees	\$ 220,000	\$ 235,749	15,749
Investment Earnings	5,500	4,830	(670)
Total revenues	<u>225,500</u>	<u>240,579</u>	<u>15,079</u>
Expenditures			
Salaries and Benefits	172,302	153,291	19,011
Other Expenses	173,261	138,030	35,231
Capital Outlay	-	-	-
Total Expenditures	<u>345,563</u>	<u>291,321</u>	<u>54,242</u>
Revenues Over (Under) Expenditures	<u>(120,063)</u>	<u>(50,742)</u>	<u>69,321</u>
Other Financing Sources (Uses)			
Transfers to other funds	-	-	-
Transfers from other funds	120,063	-	(120,063)
Total other financing sources	<u>120,063</u>	<u>-</u>	<u>(120,063)</u>
Net change in fund balance	<u>\$ -</u>	<u>(50,742)</u>	<u>\$ (50,742)</u>
Fund balance, beginning		<u>725,450</u>	
Fund balance, ending		<u>\$ 674,708</u>	

Hyde County
West Quarter District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 3,940	\$ 29,731	\$ 25,791
Investment Earnings	150	-	(150)
Total revenues	<u>4,090</u>	<u>29,731</u>	<u>25,641</u>
Expenditures:			
General Government	<u>4,090</u>	<u>2,325</u>	<u>1,765</u>
Total expenditures	<u>4,090</u>	<u>2,325</u>	<u>1,765</u>
Revenues over (under) expenditures	<u>-</u>	<u>27,406</u>	<u>27,406</u>
Other financing sources (uses):			
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>27,406</u>	<u>\$ 27,406</u>
Fund balance, beginning		36,967	
Beginning of year, total		<u>\$ 64,373</u>	
	Exh C-4	64,373	
	Diff	-	

Hyde County
Mainland Occupancy Tax Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes and licenses:			
Occupancy taxes	\$ 10,500	\$ 7,476	(3,024)
Total revenues	<u>10,500</u>	<u>7,476</u>	<u>(3,024)</u>
Expenditures:			
Economic and Physical Development	10,500	8,755	1,745
Total expenditures	<u>10,500</u>	<u>8,755</u>	<u>1,745</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,279)</u>	<u>(1,279)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,279)</u>	<u>\$ (1,279)</u>
 Fund balance, beginning		20,257	
Beginning of year, total		<u>\$ 18,978</u>	

**Hyde County
4-H Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and Services:			
Fees	\$ 22,780	\$ 27,493	4,713
Total revenues	<u>22,780</u>	<u>27,493</u>	<u>4,713</u>
Expenditures:			
Cultural and Recreation	22,780	21,827	953
Total expenditures	<u>22,780</u>	<u>21,827</u>	<u>953</u>
Revenues over (under) expenditures	<u>-</u>	<u>5,666</u>	<u>5,666</u>
Other financing sources (uses):			
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	5,666	<u>\$ 5,666</u>
 Fund balance, beginning		8,578	
Beginning of year, total		<u>\$ 14,244</u>	

**Hyde County
E-911 Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and Services:			
E-911 and wireless charges	\$ 96,912	\$ 124,205	\$ 27,293
Investment Earnings	1,000	493	(507)
Total revenues	<u>97,912</u>	<u>124,698</u>	<u>26,786</u>
Expenditures:			
Public Safety	115,500	83,026	32,474
Total expenditures	<u>115,500</u>	<u>83,026</u>	<u>32,474</u>
Revenues over (under) expenditures	<u>(17,588)</u>	<u>41,672</u>	<u>59,260</u>
Other financing sources (uses):			
Debt service - principal	-	-	-
Debt service - interest	-	-	-
Transfer from (to) General Fund	(25,593)	(25,593)	-
Fund Balance Appropriated	43,181	-	(43,181)
Total other financing sources (uses)	<u>17,588</u>	<u>(25,593)</u>	<u>(43,181)</u>
Net change in fund balance	<u>\$ -</u>	<u>16,079</u>	<u>\$ 16,079</u>
 Fund balance, beginning		183,951	
Beginning of year, total		<u>\$ 200,030</u>	

Hyde County
Hyde County Senior Center Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental:			
Federal and State Grants	\$ 15,000	\$ 11,809	(3,191)
Sales and Services:			
Rent Income	400	450	50
Miscellaneous:			
Fundraisers	1,000	2,553	1,553
Total revenues	<u>16,400</u>	<u>14,812</u>	<u>(1,588)</u>
Expenditures			
Administration	51,143	47,305	3,838
Cultural and Recreation	57,480	44,731	12,749
Total Expenditures	<u>108,623</u>	<u>92,036</u>	<u>16,587</u>
Revenues Over (Under) Expenditures	<u>(92,223)</u>	<u>(77,224)</u>	<u>14,999</u>
Other Financing Sources (Uses)			
Transfers from other funds	92,223	92,223	-
Total other financing sources	<u>92,223</u>	<u>92,223</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	14,999	<u>\$ 14,999</u>
Fund balance, beginning		<u>62,480</u>	
Fund balance, ending		<u>\$ 77,479</u>	

**Hyde County
Revolving Loan Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 69,349	\$ 69,349
Total revenues	<u>-</u>	<u>69,349</u>	<u>69,349</u>
Expenditures			
Economic and Physical Development	-	56	(56)
Total Expenditures	<u>-</u>	<u>56</u>	<u>(56)</u>
Revenues Over (Under) Expenditures)	<u>-</u>	<u>69,293</u>	<u>69,293</u>
Other Financing Sources (Uses)			
Transfers to General Fund	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>69,293</u>	<u>\$ 69,293</u>
Fund balance, beginning		<u>963,755</u>	
Fund balance, ending		<u>\$ 1,033,048</u>	

Hyde County
CAPS/Personal Care Chore Health Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and Services:			
Fees	\$ 111,400	\$ 56,290	\$ (55,110)
Investment Earnings	-	4	4
Total revenues	<u>111,400</u>	<u>56,294</u>	<u>(55,106)</u>
Expenditures			
Human Services	110,361	84,483	25,878
Operating	<u>7,625</u>	<u>7,850</u>	<u>(225)</u>
Total Expenditures	<u>117,986</u>	<u>92,333</u>	<u>25,653</u>
Revenues Over (Under) Expenditures)	<u>(6,586)</u>	<u>(36,039)</u>	<u>(29,453)</u>
Other financing sources (uses):			
Transfer from (to) Other Funds	<u>6,586</u>	<u>-</u>	<u>(6,586)</u>
Total other financing sources	<u>6,586</u>	<u>-</u>	<u>(6,586)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(36,039)</u>	<u><u>\$ (36,039)</u></u>
Fund balance, beginning		<u>367</u>	
Fund balance, ending		<u><u>\$ (35,672)</u></u>	

Hyde County
CDBG Program Repayment Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Economic and Physical Development		-	-
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures)	-	-	-
Other Financing Sources (Uses)			
Transfers from (to) other funds		-	-
Total other financing sources	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		1,000	
Fund balance, ending		<u>\$ 1,000</u>	

Hyde County
Swan Quarter Water Shed District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem taxes	\$ 5,000	\$ 26,395	\$ 21,395
Total revenues	<u>5,000</u>	<u>26,395</u>	<u>21,395</u>
Expenditures			
Environmental Protection	5,000	4,604	396
Total Expenditures	<u>5,000</u>	<u>4,604</u>	<u>396</u>
Net change in fund balance	<u>\$ -</u>	21,791	<u>\$ 21,791</u>
Fund balance, beginning		<u>55,099</u>	
Fund balance, ending		<u>\$ 76,890</u>	

Hyde County
Homemaker Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental	\$ 32,081	\$ 25,920	\$ (6,161)
Total revenues	<u>32,081</u>	<u>25,920</u>	<u>(6,161)</u>
Expenditures			
Human Services	40,903	37,234	3,669
Total Expenditures	<u>40,903</u>	<u>37,234</u>	<u>3,669</u>
Revenues Over (Under) Expenditures)	<u>(8,822)</u>	<u>(11,314)</u>	<u>(2,492)</u>
Other Financing Sources (Uses)			
Transfers from (to) other funds	8,822	-	(8,822)
Total other financing sources	<u>8,822</u>	<u>-</u>	<u>(8,822)</u>
Net change in fund balance	<u>\$ -</u>	<u>(11,314)</u>	<u>\$ (11,314)</u>
Fund balance, beginning		<u>6,518</u>	
Fund balance, ending		<u>\$ (4,796)</u>	

Hyde County
PDM Program Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
PDM Grant	\$ 411,283	\$ 294,569	\$ 153,280	\$ 447,849	\$ 36,566
Hazard Mitigation Grant	400,288	189,101	-	189,101	(211,187)
Owners Contribution	137,094	74,100	-	74,100	(62,994)
Total revenues	<u>948,665</u>	<u>557,770</u>	<u>153,280</u>	<u>711,050</u>	<u>(237,615)</u>
Expenditures:					
Economic and Physical Development:					
Planning	948,665	755,885	10,000	765,885	182,780
Total expenditures	<u>948,665</u>	<u>755,885</u>	<u>10,000</u>	<u>765,885</u>	<u>182,780</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (198,115)</u>	143,280	<u>\$ (54,835)</u>	<u>\$ (54,835)</u>
Fund balance, beginning			(198,115)		
Fund balance, ending			<u>\$ (54,835)</u>		

CAPITAL PROJECT FUNDS

Hyde County
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2015

	<u>Capital Project Funds</u>	<u>Total Nonmajor Capital Project Funds</u>
	<u>Airport Grant Fund</u>	
Assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net	-	-
Taxes Receivable, net	-	-
Other Receivables	-	-
Due from other funds	-	-
Due from other governments	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
Due to other funds	19,194	19,194
Deferred Inflows of Resources	-	-
Total liabilities	<u>19,194</u>	<u>19,194</u>
Fund Balances:		
Restricted:		
Transportation	(35,194)	(35,194)
Subsequent year's expenditures	16,000	16,000
Unassigned	-	-
Total fund balances	<u>(19,194)</u>	<u>(19,194)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ -</u>

Hyde County
Non-Major Capital Project Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
June 30, 2015

	<u>Capital Project Funds</u>	
	<u>Airport Grant Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:		
Ad valorem taxes	\$ -	\$ -
Other taxes and licenses	-	-
Restricted Intergovernmental	4,460	4,460
Sales and Services	-	-
Investment Earnings	-	-
Miscellaneous	110,805	110,805
Total revenues	<u>115,265</u>	<u>115,265</u>
Expenditures:		
Current:		
General government	-	-
Public Safety	-	-
Economic and Physical Development	-	-
Human Services	-	-
Environmental Protection	-	-
Cultural and Recreation	-	-
Education	-	-
Capital Outlay	160,048	160,048
Total expenditures	<u>160,048</u>	<u>160,048</u>
Excess (deficiency) of revenues over expenditures	<u>(44,783)</u>	<u>(44,783)</u>
Other financing sources (uses):		
Transfers from other funds	-	-
Transfers to other funds	-	-
Insurance Recovery	-	-
Sale of capital assets	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	(44,783)	(44,783)
Fund balances, beginning	<u>25,589</u>	<u>25,589</u>
Fund balances, ending	<u>\$ (19,194)</u>	<u>\$ (19,194)</u>

Hyde County, North Carolina
 Airport Grant Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental - State Grant	\$ 144,000	\$ 33,595	\$ 4,460	\$ 38,055	\$ (105,945)
Miscellaneous - Local Match	16,000	-	110,805	110,805	94,805
Total revenues	<u>160,000</u>	<u>33,595</u>	<u>115,265</u>	<u>148,860</u>	<u>(11,140)</u>
Expenditures:					
Capital Outlay:					
Airport Improvements	<u>160,000</u>	<u>8,006</u>	<u>160,048</u>	<u>168,054</u>	<u>(8,054)</u>
Total expenditures	<u>160,000</u>	<u>8,006</u>	<u>160,048</u>	<u>168,054</u>	<u>(8,054)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,589</u>	(44,783)	<u>\$ (19,194)</u>	<u>\$ (19,194)</u>
Fund balance, beginning			<u>25,589</u>		
Fund balance, ending			<u>\$ (19,194)</u>		

ENTERPRISE FUNDS

Hyde County, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Water sales	\$ 1,320,000	\$ 1,184,115	\$ (135,885)
Sewer charges	310,000	339,892	29,892
Penalties and Interest	25,000	20,411	(4,589)
Meter Installations	10,000	-	(10,000)
Other operating revenues	6,000	18,760	12,760
Total operating revenues	<u>1,671,000</u>	<u>1,563,178</u>	<u>25,303</u>
Nonoperating revenues:			
Interest Earnings	4,000	3,176	(824)
Total nonoperating revenues	<u>4,000</u>	<u>3,176</u>	<u>(824)</u>
Total revenues	<u>1,675,000</u>	<u>1,566,354</u>	<u>24,479</u>
Expenditures:			
Water distribution and Sewage Collection:			
Salaries and employee benefits	739,061	591,058	148,003
Supplies	74,000	33,931	40,069
Other operating expenditures	522,290	531,956	(9,666)
Computer support	9,000	6,106	2,894
Total water distribution and sewage collection	<u>1,344,351</u>	<u>1,163,051</u>	<u>181,300</u>
Debt Service:			
Interest and Other Charges	104,009	102,154	1,855
Debt Principal	128,063	128,063	-
Total debt service	<u>232,072</u>	<u>230,217</u>	<u>1,855</u>
Capital outlay	<u>237,000</u>	<u>-</u>	<u>237,000</u>
Total expenditures	<u>1,813,423</u>	<u>1,393,268</u>	<u>420,155</u>
Revenues over (under) expenditures	<u>(138,423)</u>	<u>173,086</u>	<u>444,634</u>
Other financing sources (uses):			
Transfer from (to) other funds			
USDA Reserve	(7,400)	(7,400)	-
Fund Balance Appropriated	145,823	-	(145,823)
Total other financing sources (uses)	<u>138,423</u>	<u>(7,400)</u>	<u>(145,823)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>165,686</u>	<u>\$ 298,811</u>

Hyde County, North Carolina
 Water and Sewer Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources (uses)			
over (under) expenditures		165,686	
Reconciling items:			
Debt principal		128,063	
Capital outlay		-	
Decrease in accrued vacation pay		(3,475)	
Loan Proceeds		-	
Transfers		-	
Depreciation		(406,336)	
Total reconciling items		<u>(281,748)</u>	
Change in net position		<u><u>\$ (116,062)</u></u>	

Hyde County
Mattamuskeet Lodge Sewer Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2016

	Project	Actual			Total	Variance
	Authorization	Prior	Current	Completed	To Date	Positive
		Years	Year	Project		(Negative)
Revenues:						
Restricted intergovernmental:						
Federal and State Grants	\$ 4,000,000	\$ 557,543	\$ -	\$ -	\$ 557,543	\$ (3,442,457)
Total revenues	<u>4,000,000</u>	<u>557,543</u>	<u>-</u>	<u>-</u>	<u>557,543</u>	<u>(3,442,457)</u>
Expenditures:						
Capital Outlay:						
Planning, design and administration	367,000	355,410	-	-	355,410	11,590
Capital outlay	3,593,000	111,568	-	-	111,568	3,481,432
Administration	40,000	15,220	-	-	15,220	24,780
Total expenditures	<u>4,000,000</u>	<u>482,198</u>	<u>-</u>	<u>-</u>	<u>482,198</u>	<u>3,517,802</u>
Revenues over (under) expenditures	-	75,345	-	-	75,345	75,345
Other financing sources (uses):						
Transfer from other funds	-	325,000	-	-	325,000	325,000
Revenues and other financing sources						
(uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 400,345</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 400,345</u>	<u>\$ 400,345</u>
Fund Balance, beginning			400,345			
Fund Balance, ending			<u>\$ 400,345</u>			

AGENCY FUNDS

**Hyde County
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2016**

	Beginning Balance June 30, 2015	Additions	Deductions	Ending Balance June 30, 2016
Social Services				
Assets:				
Cash and cash equivalents	\$ 8,932	\$ -	\$ -	\$ 8,932
Liabilities:				
Miscellaneous Liabilities	\$ 8,932	\$ -	\$ -	\$ 8,932
Ocracoke Special Mosquito Control Fund				
Assets:				
Cash and cash equivalents	\$ 53,996	\$ -	\$ 52,998	\$ 998
Taxes Receivable	416	820	-	1,236
Total Assets:	\$ 54,412	\$ 820	\$ 52,998	\$ 2,234
Liabilities:				
Miscellaneous Liabilities	\$ 53,996	\$ 52,998	\$ -	\$ 998
Deferred Revenues	416	-	820	1,236
	\$ 54,412	\$ 52,998	\$ 820	\$ 2,234
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ 2,853	\$ -	\$ 1,012	\$ 1,841
Due from other funds	-	1,492	-	1,492
Total Assets:	\$ 2,853	\$ 1,492	\$ 1,012	\$ 3,333
Liabilities:				
Miscellaneous Liabilities	\$ 2,853	\$ -	\$ 480	\$ 3,333
Engelhard Municipal Sewer District				
Assets:				
Cash and cash equivalents	\$ 12,915	\$ -	\$ 12,915	\$ -
Liabilities:				
Miscellaneous Liabilities	\$ 12,915	\$ 12,915	\$ -	\$ -
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 78,696	\$ -	\$ 66,925	\$ 11,771
Taxes Receivable	416	820	-	1,236
Total assets	\$ 79,112	\$ 820	\$ 66,925	\$ 13,007
Liabilities:				
Miscellaneous liabilities	\$ 78,696	\$ 65,913	\$ 480	\$ 13,263
Deferred Revenues	416	-	820	1,236
Total liabilities	\$ 79,112	\$ 65,913	\$ 1,300	\$ 14,499

OTHER SCHEDULES

**Hyde County
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2016**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$ -	\$ 7,351,781	\$ 7,047,708	304,073
2014-2015	377,838	-	201,799	176,039
2013-2014	208,543	-	86,377	122,166
2012-2013	130,989	-	39,698	91,291
2011-2012	78,574	-	15,274	63,300
2010-2011	63,418	-	7,523	55,895
2009-2010	54,625	-	4,279	50,346
2008-2009	37,470	-	3,505	33,965
2007-2008	35,559	-	1,626	33,933
2006-2007	25,960	-	1,274	24,686
2005-2006	24,110	-	24,110	-
	<u>\$ 1,037,086</u>	<u>\$ 7,351,781</u>	<u>\$ 7,433,173</u>	<u>\$ 955,694</u>
Less: allowance for uncollectible accounts: General Fund				<u>238,921</u>
Ad valorem taxes receivable - net: General Fund				<u>\$ 716,773</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				<u>\$ 7,459,654</u>
Reconciling items:				
Interest Collected				(94,082)
Discoveries and Adjustments				43,491
Taxes written off				<u>24,110</u>
Total reconciling items				<u>(26,481)</u>
Total collections and credits				<u>\$ 7,433,173</u>

**Hyde County
Analysis of Current Tax Levy
County - wide Levy
June 30, 2016**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate:	\$ 1,149,497,813	0.64	\$ 7,356,786	\$ 7,057,903	\$ 298,883
Discoveries:	297,344	0.64	1,903	1,903	-
Abatements:	<u>(1,079,375)</u>	0.64	<u>(6,908)</u>	<u>(6,908)</u>	<u>-</u>
Total property valuation	<u><u>\$ 1,148,715,781</u></u>				
Net levy			7,351,781	7,052,898	298,883
Uncollected taxes at June 30, 2016			<u>304,073</u>	<u>303,434</u>	<u>639</u>
Current year's taxes collected			<u><u>\$ 7,047,708</u></u>	<u><u>\$ 6,749,464</u></u>	<u><u>\$ 298,244</u></u>
Current levy collection percentage			<u><u>95.86%</u></u>	<u><u>95.70%</u></u>	<u><u>99.79%</u></u>



Compliance Section

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Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditors' Report

To the Board of County Commissioners
Hyde County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hyde County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hyde County basic financial statements, and have issued our report thereon dated January 26, 2017. Our report includes a reference to other auditors who audited the financial statements of Hyde County ABC Board, as described in our report on Hyde County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting with governance. examining, on a test basis, evidence about Hyde County's compliance with those requirements and performing such other procedures, as we considered *necessary in the circumstances*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hyde County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hyde County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies. (16-1, 16-2, 16-3, 16-4, 16-5.)

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hyde County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 26, 2017



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Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Hyde County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Hyde County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Hyde County's major federal programs for the year ended June 30, 2016. Hyde County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Hyde County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred or compliance and other matters that are reported separately by those auditors. The financial statements of Hyde County ABC Board were not audited in accordance with Government Auditing Standards.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hyde County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hyde County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Hyde County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hyde County internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than material weakness in internal control over compliance, yet important enough to merit attention by those charged with responsibility for internal control over compliance and o

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item [16-05] that we consider to be significant deficiencies.

Hyde County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 26, 2017

Hyde County
Schedule of Findings and Questioned Costs
June 30, 2016

Exhibit H-1

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses ☒ yes ☐ no
- Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses ☒ yes ☐ no
- Noncompliance material to federal awards ☐ yes ☒ no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ☐ yes ☒ no

Identification of major federal programs:

CFDA #

Program Name

93.778

Title XIX Medicaid

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Hyde County
Schedule of Findings and Questioned Costs
June 30, 2016

Exhibit H-1

Section II - Financial Statement Findings

Finding: 16-01

Account Reconciliations

Criteria: The County should appropriately reconcile all general ledger accounts monthly.

Condition: The County did not reconcile various general ledger accounts during the fiscal year.

Effect: Various general ledger accounts in both the governmental activities and business-type activities were inaccurate throughout the year.

Cause: In some cases, multiple computer programs did not accurately communicate to transfer information accurately.

Recommendation: The County should reconcile the general ledger accounts to supporting documentation on a monthly basis or consider hiring a fee accountant to assist staff with reconciling general ledger accounts.

Views of responsible officials: The County agrees with this finding.

Corrective action: The County will implement procedures to reconcile material general ledger accounts on a monthly basis.

Finding: 16-02

Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among County personnel in the following areas: revenues, receipts, and receivables for both the governmental funds and proprietary funds.

Effect: Transactions could be mishandled.

Cause: There is a limited number of personnel for certain functions.

Recommendation: The duties should be segregated as much as possible and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials: The County agrees with this finding.

Corrective action: The County will continue to review procedures to improve internal controls in each department.

Hyde County
Schedule of Findings and Questioned Costs
June 30, 2016

Exhibit H-1

Section II - Financial Statement Findings

Finding: 16-03

Budget Violation

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance. G.S. 159-8(a) states that each local government shall operate under an annual balanced budget. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

Condition: The County reflected no budgeted amounts for the Revolving Loan Fund.

Effect: Monies were spent that had not been appropriated as there was not budget reflected for these funds.

Cause: The County did not properly adopt and record budget and budget amendments for the revenues and expenditures for these funds.

Recommendation: Budget amendments should be adopted when revenues are received that exceed estimated revenues in the budget ordinance prior to expending the funds.

Views of responsible officials: The County agrees with this finding.

Corrective action: The County will continue to review procedures to improve the budget and budget amendment monitoring process.

Finding: 16-04

Deficit Fund Balance

Criteria: The County should maintain a positive fund balance in each of its funds.

Condition: The County has three funds with a negative fund balance, the CAPS/Personal Care Shore Fund, the PDM Program Fund, and the Homemaker Fund..

Effect: When the County has a fund with a deficit fund balance, the General Fund advances money to the fund to pay expenditures of the fund.

Cause: A portion of the County's General Fund balance is restricted due to the amount of expenditures paid in each fund in the prior fiscal years from the General Fund. The restricted fund balance has a negative impact on unassigned fund balance.

Recommendation: The County should be more aware of spending in each of the funds to reduce the negative impact on unassigned fund balance in the General Fund.

Views of responsible officials: The County agrees with this finding.

Corrective action: The County will be more aware of future spending to ensure that these funds so not absorb the General Fund unassigned fund balance in the future.

Hyde County
Schedule of Findings and Questioned Costs
June 30, 2016

Exhibit H-1

Section III - Federal Award Findings and Questioned Costs

Finding: 16-05

Data Collection Form

SIGNIFICANT DEFICIENCY

Criteria: Entities required to have a Single Audit performed should complete the Data Collection Form and file it with the Single Audit Clearinghouse within 9 months of the year end.

Condition: The County had not completed a Data Collection Form for the years ended June 30, 2009, 2010, 2011, 2012, and 2013.

Questioned Costs: \$0; This is a reporting issue that will be corrected.

Effect: The County has not followed reporting guidelines.

Cause: The County was not aware of this requirement prior to 2014. The 2014 and 2015 reports have been filed.

Recommendation: The County should complete the Data Collection Form for the fiscal year ended June 30, 2016 as soon as the audit engagement is complete. Older years should also be submitted as soon as possible.

Views of responsible officials: The County agrees with this finding.

Corrective action: The County will complete the required Data Collection Form for the fiscal year ended June 30, 2009, 2010, 2011, 2012, 2013, and 2016.

Section II - Financial Statement Findings

Finding: 16-01

Name of Contact Person: William Rich, County Manager

Corrective Action: The County agrees with this finding and will implement procedures and processes to reconcile material general ledger accounts on a periodic basis.

Proposed Completion Date: The board will implement this procedure immediately.

Finding: 16-02

Name of Contact Person: William Rich, County Manager

Corrective Action: The County agrees with this finding and will segregate duties as much as possible and alternative controls will be used to compensate for lack of separation.

Proposed Completion Date: The board will implement this procedure immediately.

Finding: 16-03

Name of Contact Person: William Rich, County Manager

Corrective Action: The County agrees with this finding and in the future budget amendments will be adopted prior to making expenditures that exceed budgeted amounts.

Proposed Completion Date: The board will implement this procedure immediately.

Finding: 16-04

Name of Contact Person: William Rich, County Manager

Corrective Action: The County agrees with this finding and will be more aware of future spending to ensure that these funds do not absorb the General Fund unassigned fund balance in the future.

Proposed Completion Date: The board will implement this procedure immediately.

Hyde County
Corrective Actions
June 30, 2016

Section III - Federal Award Findings and Questioned Costs

Finding: 16-05

Name of Contact Person: William Rich, County Manager

Corrective Action: The County agrees with this finding and will complete the required Data Collection Form for the fiscal year ended June 30, 2009, 2010, 2011, 2012, and 2013.

Proposed Completion Date: The board will implement this procedure immediately.

Hyde County
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2016

Finding:	15-01 Account Reconciliations
Status:	The County should reconcile general ledger accounts to supporting documentation on a periodic basis. Ongoing.
Finding:	15-02 Segregation of Duties
Status:	Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation. The Board is becoming more involved in providing some of these controls. Ongoing.
Finding:	15-03 Budget Violation
Status:	There were substantially less budget violations this year compared to the prior year. However, there is still a fund that reflected no budget. The staff will ensure that proper budget amendments are made and posted during the year, and that the board will approve a balanced budget for each fund in the future.
Finding:	15-04 Deficit Fund Balance
Status:	There were still funds with deficit fund balances. The staff should become more aware of spending in each of the funds to reduce the negative impact on unassigned fund balance in the General Fund.
Finding:	15-05 Revenue Bond Covenant
Status:	This issue has been corrected.
Finding:	15-06 Data Collection Form
Status:	The County did file the 2015 Data Collection Form. However the County still needs to complete the Data Collection Form for the fiscal years ended June 30, 2009, 2010, 2011, 2012, 2013, and 2016 as soon as the audit engagement is complete.

HYDE COUNTY FEDERAL & STATE AWARDS
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2016

Grantor/Pass-through	Federal CFDA	State/ Pass-through Grantor's	Fed (Direct & Pass-through Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
Grantor/Program Title	Number	Number				
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through N.C. Dept of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants						
for the Supplemental Nutrition Asst. Prg.	10.561		\$ 102,214	\$ -	\$ -	\$ 102,214
Fraud	10.561		808	-	-	808
Total Supplemental Nutrition Assist Program Cluster			103,022	-	-	103,022
Passed-through N.C. Dept of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program						
for Women, Infants and Children	10.557		29,815	-	-	-
AGRI-SFP Food Program Meal	10.559		-	-	-	-
Direct Benefit Payments:						
Special Supplemental Nutrition Program						
for Women, Infants and Children	10.557		38,570	-	-	-
Total Division of Public Health			68,385	-	-	-
Passed through Lumber River Council of Governments						
NSIP Supplement USDA	10.570		6,264			
Total U.S. Dept. of Agriculture			177,671	-	-	103,022
<u>US Dept of Health and Human Services</u>						
Division of Aging and Adult Services						
Passed-through Albemarle Commission						
Special Programs for the Aging Title IIIB						
Grants for Supportive Services and Senior Centers	93.044		3,883	-	-	432
Special Programs for the Aging Title IIIC						
Nutrition Services	93.045		33,238	1,847	-	3,817
Total Aging Cluster			37,121	1,847	-	4,249
Social Services Block Grant (SSBG) - In Home Services	93.667		4,711	14,770	-	378
Division of Social Services						
Temporary Assistance Needy Family Cluster						
Temporary Assistance for Needy Families -Admin	93.558		11,120	-	-	7,809
Temporary Assistance for Needy Families - Services	93.558		33,797	-	-	27,499
TANF / Work First Direct Benefit Payments	93.558		23,193	-	-	-
Total TANF Cluster			68,110	-	-	35,308
Foster Care and Adoption Cluster:						
Foster Care - Title IV-E - Administration	93.658		(1,042)	-	-	(1,042)
Foster Care - Title IV-E Direct Benefit	93.658		(4,736)	(1,226)	-	(1,226)
IV-E Admin County Paid	93.658		-	-	-	-
Adoption IV-E Off Trm	93.659		-	-	-	-
IV-E Adoption Subsidy & Vendor	93.659		-	-	-	-
Foster Care	N/A		(1,229)	-	-	6,538
Total Foster Care and Adoption Cluster			(7,007)	(1,226)	-	4,270
Child Support Enforcement	93.563		74,275	-	-	38,264
Refugee and Entrant Assistance - State						
Administered Program	93.566		51	-	-	-

Low-Income Home Energy Assistance					
Administration	93.568	4,316	-	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	41,700	-	-	-
Crisis Intervention Program	93.568	31,270	-	-	-
Total Low-Income Energy Assistance		<u>77,286</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stephanie Tubbs Jones Child Welfare Services Program					
Adoption Subsidy - Benefit Payments	93.645	-	-	-	-
Permanency Planning - Families for Kids	93.645	1,513	-	-	504
Total Stephanie Tubbs Jones Child Welfare Services		<u>1,513</u>	<u>-</u>	<u>-</u>	<u>504</u>
SSBG - Other Service and Training					
Chafee Foster Care Independence Program	93.667	44,627	4,426	-	15,754
	93.674	-	-	-	-
Division of Aging and Adult Services					
Davison of Social Services					
SSBG - State In Home Service Fund	93.667	4,711	14,770	-	2,165
SSBG -Adult Protective Services	93.667	-	-	-	-
Division of Child Development and Early Education					
Subsidized Child Care:					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Fund - Administration	93.596	25,831	-	-	-
Division of Child Development:					
Child Care and Development Block Grant- Discretionary	93.575	26,281	-	-	-
Child Care and Development Block Grant - Mandatory	93.596	12,070	-	-	-
Child Care and Development Block Grant - Match	93.596	5,875	2,100	-	-
Total Child Care Development Fund Cluster		<u>70,057</u>	<u>2,100</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558	8,756	-	-	-
ARRA - Emergency Contingency Fund for					
Social Security Block Grant	93.667	-	-	-	-
Foster Care Title IV-E	93.658	-	316	-	-
Smart Start	N/A	-	-	-	-
State Appropriations	N/A	-	-	-	-
TANF-MOE	N/A	-	5,062	-	-
Total Subsidized Child Care Cluster		<u>78,813</u>	<u>7,478</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Department of Health and Human Services					
Division of Medical Assistance:					
Direct Benefit Payments					
Title XIX - Medicaid	93.778	4,758,744	2,726,425	-	-
Division of Social Services					
Administration					
Medical Assistance Program	93.778	359,027	16,583	-	125,725
Total Medical Assistance Program		<u>5,117,771</u>	<u>2,743,008</u>	<u>-</u>	<u>125,725</u>
DMA Equipment	N/A	1,636	-	-	545
Direct Benefits Payments					
State Children's Insurance Program			-	-	-
N. C. Health Choice	93.767	53,838	3,881	-	-
Division of Social Services					
Administration					
State Children's Insurance Program					
NC Health Choice	93.767	2,416	363	-	13
Total State Children's Insurance Program NC Health Choice		<u>56,254</u>	<u>4,244</u>	<u>-</u>	<u>13</u>
Family Preservation	93.556	33	-	-	-

Passed through N.C. Department of Health and Human Services:					
Division of Public Health					
Public Health Emergency Preparedness	93.069	29,405	-	-	-
Hospital Preparedness Program (HPP) and Public Emerg Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5,869	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	43	-	-	-
Immunization Grants	93.268	3,243	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	93.758	24,904	-	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	3,273	-	-	-
HIV Prevention Activities Health Department Based	93.940	1,926	-	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	461	-	-	-
Administration of Children and Families					
Passed through N.C. Department of Health and Human Services					
Division of Social Services					
Temporary Assistance for Needy Families	93.558	966	-	-	-
Health Resources and Services Administration					
Passed through N.C. Department of Health and Human Services					
Department of Public Health					
Maternal and Child Health Services Block Grant	93.994	57,821	19,305	-	-
Office of Population Affairs					
Passed through N.C. Department of Health and Human Services					
Office of Population Affairs					
Family Planning Services	93.217	15,779	-	-	-
Total U. S. Department of Health and Human Services		5,703,595	2,808,622	-	227,175
U. S. Department of Education					
Passed through N.C. Department of Health and Human Services					
Infant and Toddlers Disabilities					
Race to the Top - Early Learning Challenge	84.412	148,168	-	-	-
Total U. S. Department of Education		148,168	-	-	-
U.S. Dept. of Homeland Security					
Passed through the NC Dept. of Public Safety					
Division of Emergency Management					
Pre-Disaster Mitigaion	97.047	10,000	-	-	-
Pre Disaster Assistance Program	97.014	-	-	-	-
Total U.S. Dept. of Homeland Security		10,000	-	-	-
U. S. Department of Transportation					
Passed through the N.C. Department of Transportation					
Hyde County Block 42	20.106	36237.579.1	117,873	-	-
15-ED-025 Hyde Co Health Department Capital	20.513	51001.49.2.3	6,810	851	-
16-ED-025 Hyde Co Health Department Capital	20.513	51001.49.3.1	17,418	2,177	-
Total U. S. Department of Transportation		142,101	3,028	-	-
Total Federal Awards		\$ 6,181,535	\$ 2,811,650	\$ -	\$ 330,197

State Awards:

N.C. Dept. of Health and Human Services

Division of Public Health:				
Food and Lodging Fees	-	6,031	-	-
Maternal Health (HMHC)	-	3,043	-	-
General Communicable Disease Control	-	10,654	-	-
Risk Reduction /Health Promotion	-	-	-	-
HIV/STD State	-	-	-	-
HIV/STD SSBG Aid	-	400	-	-
Breast and Cervical Cancer Program	-	6,056	-	-
Sexually Transmitted Diseases	-	104	-	-
School Nurse Funding Initiative	-	-	-	-
Women's Health Service Fund	-	3,214	-	-
Tuberculosis	-	1,026	-	-
Child Health	-	645	-	-
General Aid to Counties	-	71,630	-	-
TB Medical Services	-	-	-	-
HMHC Family Planning	-	3,705	-	-
Division of Social Services:				
CP&L Energy Assistance	N/A	-	-	-
State Foster Home - Direct Benefit Payment	N/A	3,170	-	3,170
SC/SA Domiciliary Care - Direct Benefit Payment	N/A	35,546	-	35,546
State Child Welfare/CPS/CS LD	N/A	-	-	-
Work First Non Reimbursable	N/A	-	-	27,648
SFHF Maximization - Direct Benefit Payment	N/A	17,796	-	17,796
County Funded Programs	N/A	-	-	272,488
AFDC Incent/Program Integrity	N/A	66	-	-
CWS Adopt Subsidy & Vendor - Direct Benefit Payment	N/A	5,706	-	1,902
Non-Allocating County Cost	N/A	-	-	48,509
Division of Aging and Adult Services:				
90% State Funds Access	-	-	-	-
90% State Funds In Home Services	-	1,622	-	-
90% State Funds Home Delivered Meals	-	1,385	-	-
Senior Center Development	-	-	-	-
Total N.C. Dept. Health and Human Services		171,799	-	407,059

N. C. Department of Insurance

SHIIP Grant	-	1,271	-	-
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N.C. Dept. of Veterans Affairs

Veteran Grant	N/A	-	-	-
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N.C. Dept. of Transportation

Pass-through to Hyde Interagency Transportation:				
Elderly and Handicapped Transportation Assistance	36220.10.6.1	-	41,691	-
ROAP EDTAP	36228.22.6.1	-	38,469	-
ROAP Employment	36236.11.5.1	-	4,251	-
Total N. C. Department of Transportation		-	84,411	-

N.C. Dept. of Environmental Quality

Division of Waste Management - Scrap Tire Program	N/A	-	7,616	-
Division of Waster Management - Electronics Mgt	-	-	552	-
Division of Waste Management - White Goods	-	-	1,435	-
Division of Waste Management - Scrap Tire Fund	-	-	-	-
Total N.C. Dept. of Environmental Quality		-	9,603	-

N.C. Dept. of Public Safety

Office of Juvenile Justice Youth Services:				
Juvenile Crime Prevention Program	N/A	-	54,572	-
Total N.C. Dept. of Public Safety		-	54,572	-

N. C. Department of Environmental Quality

Soil and Water Conservation	-	4,594	-	-
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N.C. Department of Public Instruction

Public School Building Capital Fund (Lottery)	-	55,965	55,965	-
Total N.C. Department of Public Instruction	-	55,965	55,965	-

Total State Awards

\$ -	\$ 3,193,865	\$ 55,965	\$ 737,256
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Total Federal and State Awards

\$ 6,181,535	\$ 6,005,515	\$ 55,965	\$ 1,067,453
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Notes to the Schedule of Expenditures of Federal and State AwardsNote 1 Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of Hyde County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Hyde County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Hyde County.

Note 2 Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Hyde County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.